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THE MANAGEMENT REVIEW is published monthly by the American Management Association at 1515 Broadway, Times Square, New York 36, N.Y. Entered as second-class matter March 26, 1925, at the Post Office at New York, N.Y., under the Act of March 3, 1879. Subscriptions: \$7.50 per year (non-members, \$12.50). Single copies: \$1.00 (non-members, \$1.25). Volume XLIV, No. 12, December, 1955.

Changes of address should be forwarded to the publishers one month in advance, and postal unit numbers should be included in all addresses.

The object of the publications of the American Management Association is to place before readers ideas which it is hoped may prove interesting and informative, but the Association does not stand sponsor for views expressed by the authors in articles issued in or as its publications.

An index to THE MANAGEMENT REVIEW is published annually with the December number. The contents are also indexed in the *Industrial Arts Index*.

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THE MANAGEMENT REVIEW is microfilmed by University Microfilms, Ann Arbor, Mich.

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## Ten Problems That Worry Presidents

ONE SIDE OF their personalities that company presidents hide carefully from their colleagues is an almost masochistic capacity for self-criticism. From the day they take over the reins of business control, most chief executives are secretly as dissatisfied with their own work as with that of their most bumbling employee, and their desire to improve the quality of their decisions and activities is as intense as their drive to increase company profits.

This is one of the key findings of a study conducted over the past three years among the members of the Young Presidents' Organization, a club limited to executives who became presidents of their companies before the age of 40, and whose firms have at least \$1 million annual sales. Formed five years ago, the YPO now has chapters all over the United States and more than 950 members. This article outlines the 10 problems that these YPO presidents have said they spend most of their time worrying about, with side glances at methods they have found useful in arriving at solutions.

**Using Time Effectively.** Most YPO presidents are constantly plagued by the frustrating thought that they have more work to do and more people to see on any given day than they can satisfactorily handle. One frequent result of this constant time pressure is a "crispness" that may verge on rudeness with long-winded visitors. Another is an almost adolescent experi-

menting with new devices that claim to save time. Besides the standard techniques of exceptionally competent and lavishly paid secretaries, administrative assistants, and frenetic use of dictating machines, many put fleeting faith in a Rube Goldberg assortment of mechanical memory-joggers, electronic communication systems, and push-button desks.

**Not Being a Doer.** One of the key reasons why most of these presidents got to their present positions was because they are "get-things-done-ers," and making the shift to accomplishing work mainly through others is a complicated mental switch for anyone. The main job of most presidents begins rather than ends when the task of delegating responsibility and authority has been completed.

**Building a Team.** Finding, training, and motivating the key executives through whom a president must accomplish his work is, in several respects, the thorniest and longest-lasting problem he faces. It is often additionally complicated for many presidents by close personal relationships that have continued over the years, as well as by ties of family and friendship. More than 40 per cent of the presidents covered in the surveys mentioned this persistent problem. More than one-third said that the worst mistake they made last year, and the one that hurt their company most, was either having a man in a key spot who did not fit or failure to get one who did. The odds were also four

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times as high that the president, after discovering that he had hired the wrong man for a major job, would procrastinate about correcting the situation as that he would fire too early or unwisely.

*Setting the Direction.* The single problem which probably causes presidents the most solitary mental anguish is defining and re-analyzing at regular intervals the ultimate question that every president must answer for himself: "What are the essential factors that produce success in my company?" Over half the presidents surveyed had either a spectacular success or a dismal failure in this problem area last year.

*Finding Expert Advice.* Small and middle-size companies need expert outside assistance as much as do large ones, but many presidents of such firms either feel that they cannot afford advice of this kind or have not yet recognized the explicit need for it. The lack of such help in making important decisions sometimes results in serious errors. Specific problem areas mentioned in this connection include personnel advice at the management level, marketing research, sales planning, product development, financial counsel, and long-term planning.

*Securing Working Capital.* At one time or another nearly every president worries about his company's lack of adequate working capital, particularly in these days of high tax rates and rapid expansion in many industries. A clear majority of the presidents surveyed felt that their companies could be run more efficiently if they had more working capital.

*Making Crisis Decisions.* One of

the constant worries of the president's job is the necessity for him to act as chief fireman for his company whenever a crisis arises. Yet it is in times of crisis that presidents are most apt to prove again why they became presidents in the first place. As Casey Stengel once put it when he was asked why he was the highest-paid manager in baseball: "Anybody can run a ball club when the pitching is good and everybody's hitting. It's when they ain't that you need guys like me."

*Negotiating.* When the chips are down, when big money is involved, the president must be on hand personally to go through the turmoil of making the final decision, and to suffer the consequences if his decision is wrong. More than a quarter of the presidents surveyed said that they sat down at a negotiating table last year where a crucial problem was at stake.

*Searching for a Creed.* YPO members take an active hand in civic affairs, and contribute more generously to educational and charitable organizations than do most heads of business. While they feel that making a reasonable profit and assuring the survival of their companies is a president's first responsibility, they also feel that their business responsibilities are a good deal broader than the making of money. How much broader is a question that many of them find difficult to decide.

*Effecting Self-Improvement.* Three out of four YPO members are currently engaged in some type of training to improve themselves as business men. More than 60 per cent said they

were continually looking for better ways to reduce their anxieties and solve their recurring problems. In personal terms, presidents said that they most wanted to improve themselves in these areas: public speaking,

66 per cent; planning work, 59 per cent; memory skills, 57 per cent; conference leadership, 50 per cent; writing, 46 per cent; producing better ideas, 46 per cent; and reading, 46 per cent.

—LYLE SPENCER. *Harvard Business Review*, November-December, 1955, p. 75:9.

## Employee Stockholders: The Workers' Stake in Capitalism

DURING the greatest economic boom of all time, a new group of stockholders is sharing in the fat corporate profits. They are the U.S. workers who make the goods. Since World War II, plans to help employees buy stock have spread so fast that some 300 companies now have programs involving 2 million workers. At General Motors, four out of five eligible (salaried) employees have decided to invest up to 10 per cent of their pay in GM's future. Ford will bring out a similar plan. Du Pont reports that nearly 70,000 of 87,000 eligible workers have signed up for a stock plan. But despite their increasing popularity, stock-buying programs are also the center of a growing argument.

For some business men, the past record of worker stock programs is against them. In 1929 some 200 corporations had stock programs. When the depression hit, all but a handful ran into trouble. Not only did the workers, like almost everyone else, sell out at large losses, but the plans themselves were faulty. Most called for stock to be bought at a fixed price on a fixed day and paid off in

rigid installments. Thus, a worker might buy stock valued at \$200, only to have it plummet to \$20 while he was still paying off at the original price. In many cases, the only way for a worker to escape was to quit his job.

Today, however, U.S. industry is doing its best to make sure that history does not repeat itself. Apart from the basic good health of the entire economy, most modern stock-buying programs contain safeguards for employees. One device is for the company to help employees buy stock, either through discounts or straight cash contributions. Thus, if the stock drops, the loss is spread. AT&T sells its stock at a \$20 discount. GM buys 50 cents' worth of stock for a worker for each dollar he puts into savings (of which one-half is invested in government bonds and one-half in GM stock), and also promises to make up the difference if the price drops. Du Pont gives a 25 per cent stock bonus for each dollar the worker invests in savings bonds. In the oil industry, many companies add as much as 50 per cent to their workers' kitty.

If the stock drops in value, many companies provide truck-sized loopholes to let workers escape from their payments. Inland Steel, Delta C & S Air Lines, Atlanta's Citizens' & Southern National Bank, and Dow Chemical hold the stock until the final payment is made; then if a worker decides that he does not want it, his money is returned.

To many business men—even those who champion the idea of worker stockholders—too much protection in stock plans is a poor idea. They feel that workers should take the normal risks involved in stock buying. Furthermore, many question the wisdom of a worker's putting all his savings into one basket by buying only his own company's stock. They argue that he would do better by diversifying his investments. Some companies fear that organized labor may try to

exert too much influence on company policy if union members own large amounts of stock. Another worry is that unions will take over a program and make it a part of their wage bargaining. In a recent case—now being appealed—the NLRB ruled that a company-aided stock-buying program was in effect a boost in wages and thus came under collective bargaining.

Despite the objections, employee stock-purchase plans seem likely to spread. They not only help management broaden the base of company ownership, but also help establish a close relationship between management and employees. Stock-buying workers develop a greater incentive to save, a bigger interest in producing more, and a chance to get a permanent stake in U.S. capitalism.

—*Time*, October 10, 1955, p. 102:1.

### "Belong or Starve"

"I DO NOT believe in the closed shop. I do not believe that the pioneers of trade-unionism believed in it either. They thought trade-unionism would be an organization of free men and women bound together as comrades in a common cause. . . . There is a fundamental issue here of the right of the individual to say whether or not he would become associated with other people. I want the trade-union badge and the card to be conferred as a matter of honor, not imposed on someone who did not want them. I want the right to exclude people from my union, but that cannot be done on the basis that everyone must belong or starve."

The author of this statement, let us hasten to point out, is not a union-buster. He is Charles Geddes, chairman of Britain's Trades Union Congress (membership 8 million).

—*Fortune* 11/55

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STRIKERS picketing the Sylvania plant in Buffalo during the past World Series didn't miss viewing the games—thanks to the company. Sylvania placed one of its own 24-inch sets in a shed near the plant's main gate.

—*Television Age* 11/55

## Fitting Computers Into a Business

**R**IIGHT NOW, management in most companies is only vaguely aware of what electronic data-processing systems mean. Briefly, it knows that the machines will go a long way toward reducing clerical costs; that they will make information promptly available where previously long delays were unavoidable; and that they can reduce great quantities of information to meaningful terms.

But the companies more sophisticated in the use of computers now realize that these devices conceivably could alter the face of management. Mostly in jest, one corporation officer says, "The Univac operator will be the next chairman of the board."

For the past decade, management's key problem has been to create organizations fitted to the ever-growing bigness of business. Up to now, the solution has been a constant attack against centralized authority and responsibility. Decisions once made at headquarters have been turned over to divisions, departments, and sections.

The chief reason for decentralizing has been because it was impossible for central management (1) to gather data quickly enough to make use of it, and (2) to assess the data—the relationship of one fact to another—in time to get a decision back to where action must be taken. Today, the companies considered the best managed are those where decentralization of authority has been built into the organization.

That may be changing now. If it

does, one major cause will be the advent of electronic data-processing systems. With them, the necessity for decentralization of decision-making in business may be ending.

Companies that decide to buy a big computer face the problem of how to fit it into the organization picture. They are costly, take up space, and require trained staffs. In addition, they have terrific capacities both for storing information and for processing it; that factor makes them uneconomical unless they are to be used for the maximum volume of work.

Sylvania Electric Products, Inc.—one of the companies facing the computer problem—took these factors into account, and decided to concentrate all its accounting activities in one spot. For Sylvania, this was a major decision. The company has some 53 plants, warehouses, and sales offices across the country. As a result, Sylvania has been a highly decentralized operation—both physically and in the way it is managed.

The company insists that with the Univac installed, operating managers at plants and in the field will continue to hold their authority and responsibility. However, the data-processing building—located at Camillus, N.Y., because that is the geographical center of Sylvania's operations—will tend to become the information nerve center of the company.

Sylvania has laid out the ultimate goal in a schematic drawing showing

how the process starts with a customer's order containing pertinent data that can be fed over a Western Union leased wire system into the center at Camillus. There the computer will analyze and break down the information for accounts receivable, sales accounting entries, statistical analysis, inventory control and planning, and credit and collection information. With that kind of high-speed communication, top management will have basic information as quickly as any sales or product manager.

At this stage, it would be rash to predict just how computers will finally

fit into company organizations. Experts in some companies refuse to accept the idea that re-centralization of decision-making is likely.

M. L. Hurni, senior consultant for General Electric Co. and an expert on operations research and analysis, admits that at first blush big-scale computers seem to require a return to more centralized operations. But his thesis is that as management studies the problem of using computers, it may very well decide that smaller machines in different units of the company's organization are a better answer.

—*Business Week*, No. 1352, p. 40:5.

## Management's Self-Conscious Spokesmen

**U.S.** BUSINESS management, over a rugged quarter-century, has developed an acute sense of social responsibility —perhaps, from the stockholders' viewpoint, a somewhat overdeveloped sense of obligation. In any case, business is aware, as never before, of the desirability of promoting and maintaining felicitous public relations in all its actions with all its publics. To an extent that they themselves fail to realize, the prophets of progressive and enlightened public relations have won the day.

Because public relations, to be effective, must be integrated with other management functions, it is fortunate that top management, while still skeptical of some of the practices, has grown intensely conscious of the importance of public relations. For in the operation of American business

today, public relations is rapidly becoming a cost item of considerable consequence.

It can be conservatively estimated that the public relations budget of the 100 leading U.S. companies in 1954 amounted to at least \$50 million. As companies shade off in size, of course, they tend to spend proportionately less on public relations, but there are nearly 5,000 corporations that now support P.R. departments or engage P.R. counsel on a continuing basis, and there are many companies that do both.

Recently, the *Public Relations Journal*, just 10 years old, published a report by Franklyn Waltman, P.R. director of the Sun Oil Co., which clearly shows the pickup in public relations activity. Waltman polled 92 of his colleagues in the Public Relations

Society of America, who run P.R. departments in companies with assets ranging from \$3 million to over \$1 billion. It turned out that 24 of the P.R. departments in these 92 companies were established prior to 1940; 29 were established between 1940 and 1945; and 39, or over 42 per cent of the total, have come into being since 1945. Sixteen of the P.R. directors now have the title of vice president, compared with five so designated in 1946; 44 report directly to the chief executive officer for their companies. The aggregate increase in personnel in these P.R. departments since 1946 was 140 per cent; the aggregate increase in their budgets, 200 per cent. Some of the P.R. directors reported that their budgets in 1955 were 20 times bigger than in 1946.

Quite obviously, public relations is here to stay. Equally obviously, however, it is now regarded as an operating management function rather than an esoteric art. To some in the P.R. business, this change may seem demeaning; they must come down from the high and windy hill of public relations "philosophy." But to others in the business, the switch means a challenging opportunity to provide practical service to industry.

Too many P.R. men, it must be said, are still preoccupied with selling public relations to top management. A recent questionnaire sent out by the Research Committee of the Public Relations Society of America asked members to list what they thought were the most valuable lessons they had learned on the job. Ranking immediately after the exchange of ideas and the use of new media, 19 per cent

listed "The constant effort needed to keep management support; the willingness to keep everlastingly at the job of convincing management that P.R. is an important ingredient in the company's success." Only 9 per cent of the P.R. men felt that the primary need was "To know and understand your own organization; the importance of being informed about all phases of the organization; to know all you can about the non-P.R. operational aspects of the business you represent."

That public relations is more than mere publicity is the great cliché of the profession. Like most clichés, it's mostly true. Yet, fancy up the art of "communication" as one will, the press, broadly speaking, remains the one permanent avenue to the mind and heart of the American public. In dealing with it, the public-relations officer may perform brilliantly or disastrously. Any reporter feels a deep respect for the P.R. man who knows his facts; a quick disdain—often ill concealed—for the one who doesn't. A too-familiar figure is the P.R.O. who not only doesn't know the facts, but also—either by design or by ignorance—stands between the reporter and the executives who do have the facts.

The most effective P.R. work is undoubtedly accomplished when the P.R. director has access to top management, and when he is intimately acquainted with company policies and objectives. But a public-relations director can't assume this relationship. He first has to prove that his work is of practical value not only to top management but to the operating divisions.

In almost every company where the P.R. director carries real weight and importance, it will be found that he is, first of all, a sound craftsman. Working in this area of his special competence, he offers his skills in the art of communication to the other specialists—the labor-relations director, the sales manager, the plant managers, the treasurer. Eventually operating executives begin coming to him. At first, they come for help in the execution of policy, but in due time they may come for help in the actual formation of company policy. P.R. men who have developed, in addition to craftsmanship, extra qualities of broad business perception, judgment, and leadership are valuable men to their companies. But a chair at the top-

policy conference table is the reward for services rendered and not the prerogative of the public-relations director's office.

There is no question but what, in the quarter-century ahead, public relations as a management function will grow still bigger. Top management clearly has decided on that course. The question is how soon performance will improve. The missionary phase of public relations is about over. The sooner the public relations practitioners accept the victory, abandon their self-conscious introspection, and throw their full skills and energy into the communication job itself, the sooner they are likely to win the prestige and status they so earnestly desire.

—*Fortune*, November, 1955, p. 108:7.

### The "X" Factor in the Executive's Job

#### WHAT'S WRONG with management communications?

Too much attention is paid to printed media and "gimmicks," too little to the interpersonal relationships between supervisor and employee, according to Frank E. Fischer, director of the AMA Management Course. In his introduction to a new AMA handbook\* Mr. Fischer says: "We emphasize COMMUNICATIONS—employee magazines, reading racks, and the like—at the expense of *communication*, the complex, dynamic interaction that takes place every minute on the job."

Most managers and supervisors could improve their communicating skills, Mr. Fischer believes. Such skills are the essential tool of supervision. "In the final analysis the job of every executive or supervisor is to get work done through other people; to accomplish this he must communicate effectively with them. Here, then, is the 'x factor' in the manager's job—the extra skill inherent in all his activities, which means the difference between success and mediocrity in management."

The 294-page handbook, prepared in response to expressed needs of AMA members, is designed to cover every aspect of interpersonal communication. Sample topics: giving orders that get results; handling grievances; making rumors work for you; counseling on job performance; reporting to upper management.

\* *Effective Communication on the Job: A Guide to Employee Communication for Supervisors and Executives*. (American Management Association, New York, 1955. 296 pages. \$4.75 (AMA members, \$4.00).

## Executive Sick Leave Policies: A Survey

ILLNESS AMONG EXECUTIVES is not a common problem. Most executives manage to put in their appearance at the office when the office boy who played tackle on the football team last year stays home in bed nursing a cold.

It is interesting to speculate on whether this tendency of the executive to go down to the office when he's under the weather may not partly account for the few cases of prolonged illness found in the management group. The members of this group show a remarkable tendency to fall over suddenly, while down-the-line employees manage to enjoy several years of retirement or, at least, collect a little of their health insurance from time to time. However, when executives do fall ill for long periods of time, it always presents a problem both to them and to their company.

The usual policy in 41 of the 60 companies covered by a recent Dartnell Corporation survey is to have no hard-and-fast sick leave plan for executives. As one company president pointed out: "My top executives are valuable men. If they get sick, I only want them to get well. And I don't want any fear of reduced earnings nagging at them. I don't want them getting out of a sickbed just because their sick-leave time is running out."

Several companies indicated that executives would be continued at full pay as long as a year; even more, if recovery from the illness were imme-

nent. After that time, however, retirement at whatever benefits were afforded by the company retirement plan would be considered. Decisions on such cases are usually made by executive committees or the boards of directors of large companies and by the chief executive in smaller companies.

In companies employing thousands of workers, the policies toward extended sick leaves for executives are nominally the same as those for all other employees in the salary classification. However, it is tacitly understood that special arrangements may be made in the case of key men.

In short, most companies don't think it too wise to follow a policy of treating everybody alike. This is reasonable when one considers that, as the personnel director of a manufacturing company pointed out, "There's a lot of difference between an executive and the person who comes at 8:30 and leaves at 4:45. An executive gives of himself and his time much more than the average employee. These days, the illness is probably more often incurred in the line of duty than otherwise."

There is a growing trend among companies to demand and pay for annual physical examinations of executives. Of the 60 companies surveyed, 15 require and pay for the annual physical examination; two request it and pay for it, but do not demand it; one requires and pays for the examinations of a selected list of executives; one requires and pays for ex-

aminations every two years; 41 neither require nor request examinations.

In one company where the personnel administrator has been trying to initiate a policy of regular physical examinations, the case was mentioned where a department head died within a year after he had been promoted to the position of assistant to the president.

"As a department head, this man had been working only six hours a day and taking it pretty easy. He knew he had heart trouble, but didn't advertise it. The president, had he been aware of the man's condition, would never have asked him to take the added responsibility and the man's doctor would never have approved it if he had been asked. We probably have other executives who daily ac-

cept more responsibility and the strains that go along with it, even though they are not physically equipped to stand it."

Companies do better about medical examinations after an illness. Twenty-one companies require a medical O.K. before the executive returns to work after an illness of any duration. Seven companies require the O.K. only after a bout with an infectious disease; one company said, "sometimes"; and another said, "only for middle management and supervisors." Thirty companies require no O.K. after illness.

When it comes to health insurance, 34 companies of the 60 queried provide it for executives, 24 do not, and two say, "It is available." The trend is upward in health insurance, and plans are being extended to afford better coverage.

—*Analysis and Staff Report* (Personnel Administration Service, The Dartnell Corporation, 4660 Ravenswood Avenue, Chicago 40, Ill.).

## The "Three A's": Threat to Industrial Progress

MOST CONSPICUOUS of industry's mental health problems are the "three A's": absenteeism, accidents, and alcoholism. No business or industry is free of them.

Absenteeism—only 5 per cent of it due to on-the-job causes—is estimated to cost industry \$9 billion each year. Dr. Norman Plummer of the New York Telephone Co. has reported that sickness absenteeism cost his company \$10 million annually. From a study of the absence patterns of many employees throughout their total periods of employment, Dr. Plummer and

his associates reached these conclusions:

1. Three-fourths of all the absences in any given year are found among one-third of the workers.
2. The group of employees with the highest absences in their first year of service had the highest average yearly absence throughout their entire periods of service.
3. There are "sickness-prone" and also "absence-prone" employees.
4. A direct comparison between low-absence and high-absence women employees revealed slight differences in susceptibility to organic diseases, such as cancer, heart disease and infections, but marked differences in susceptibility to functional diseases or the disorders of feeling, state, thought and behavior.

In the same study, Dr. Plummer and his associates asked supervisors to rate the social adjustment of a group of employees who had worked for the company 20 years or more. When these ratings were made and correlated with the sickness-absence records of the first two years of employment, it was found that those who had been absent the most in the first two years showed the poorest social adjustment years later.

Of even greater magnitude than absenteeism costs is the additional and unmeasured loss due to mild illnesses which do not keep men from work, but do interfere with their efficiency. The Metropolitan Life Insurance Co.'s Dr. Lydia Giberson has observed, "Just when the psychoneurotic or mal-adjusted employee is not obviously ill enough to the untrained eye to be away from work is the very time when he is really costly to the organization. Their lowered efficiency and emotional distortion affect sympathetically all those around them, and the morale and working efficiency of a group may be seriously lowered by just one of them."

Although the industrial accident mortality has been cut in half during the last 25 years by strenuous safety efforts, about 15,000 workers died in industrial accidents in 1953, and 2 million suffered disabling injuries at a total cost of more than \$3 billion.

Harry Crook of the Westinghouse Electric Corp. reported that if his company could have reduced its 1953 accidents by one-half, the resulting contribution to profits would have been equivalent to increasing the sales volume by \$6 million.

Dr. Morris S. Schulzinger, a specialist in the treatment of accidental injuries, notes that between 80 and 90 per cent of accidents are attributable to "human factors" or psychological causes. Interestingly enough, Dr. Schulzinger adds that "one accident seems to act as a sensitizing factor or as a trigger mechanism for another accident in the patient, family, or co-worker. Furthermore, in 50 per cent of those having repeated accidents (three or more), they occur during identical hours. This tendency increases with the number of accidents per patient. Some persons tend to repeat accidents on certain days of the week or month, particularly on days with special significance to the individual."

Alcoholism has been termed a "billion-dollar hangover" for industry. An estimated one out of every 50 workers is a problem drinker, and 89 per cent of these are in the 35-55 age range, by which time industry has a heavy investment in them. To lose men of such experience, and often of considerable responsibility, is costly enough, but more costly is the loss that occurs before the alcoholic is recognized and referred for treatment. Judgmental errors, increasing inefficiency and difficulties with co-workers are seldom translatable into statistics.

A. A. Low, industrial relations director of Consolidated Edison Company of New York, says, "The majority of problem drinkers in business and industry are in the early and middle stages of their disorder. Aside from their overindulgence in alcohol they represent, as a rule, a stable group who in our own company have a period of service which averages

over 20 years. We feel they are worth salvaging." Consolidated Edison backs up its feelings with its money. It and Standard Oil of New Jersey underwrote a large share of the cost of the Consultation Clinic for Alcoholism at University Hospital in New York.

The "three A's" highlight only a few of the more easily measurable "specifics" among industrial mental health problems. Still ungauged are the real costs of employee turnover due to emotional reactions to the job; low morale due to supervisors' insensitivity to human feelings; errors, rejects and seconds due to social and industrial pressures which exceed human limits, and many similar problems. These and other human industrial problems await the researcher.

And they will wait for some time.

—*Menninger Quarterly* (The Menninger Foundation, Topeka, Kans.)

We spend \$61.74 a year per person on alcoholic beverages, while investing less than 5 cents per person on mental health research, only a small part of which is devoted to the problem of alcoholism. Ironically, despite its research-mindedness and despite its growing concern about human problems, industry's contribution to mental health research is practically nothing.

Through publication and distribution of mental health information in many kinds of media, through the preparation of specific information and education projects to deal with special problems, through seminars of executives and mental health specialists, through the establishment of fellowships for mental health educators, industry can help create a mental health climate—if it will.

## ROUTINE

Miss McCaskett gathered the mail—  
The checks, the orders, the bills of sale,  
The ads and circulars by the bale—  
And placed them as neatly as one could ask it  
    In Mr. Federber's  
        IN basket.

Mr. Federber examined the lot;  
Kept the ones he was glad he'd got,  
And dumped the others he wished he'd not,  
With a yawn so wide that he couldn't mask it  
    In Mr. Federber's  
        OUT basket.

And Miss McCaskett gathered the pile,  
And setting aside the ones to file,  
She dumped the rest with a tired smile,  
Tonelessly humming "A tisket, a tasket,"  
    In Miss McCaskett's  
        Wastebasket.

—NORMAN R. JAFFRAY. Reprinted by special permission of *The Saturday Evening Post*. Copyright 1955 by The Curtis Publishing Company.

## COMMUNICATORS CLASSIFIED

Four-fifths of our working day, it has been estimated, we're communicating—trying to understand someone or trying to make him understand us. Unfortunately, much of this effort is rendered ineffective by the strange habits of some communicators.

Here is an exhibit of bottlenecks and plugged pipelines in the communications system of industry. Strange people, and not at all like us—but still people. With patience and good will (and lifelong study) we can perhaps learn to understand them and to cope with their peculiarities.

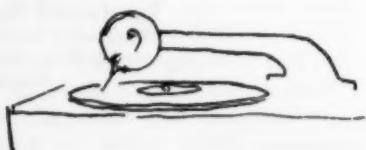
**The Jolly Good Fellow.** Talks golf, relatives, and the bright sayings of children. As you leave, he says casually: "By the way, your department is being transferred to Puerto Rico."



**The Great Stone Face.** He smiles not, neither does he frown. Some years ago he hit on the only correct facial expression, and he isn't going to disarrange it just for you. There's a legend that he sneezed once, but that was before he came to this company.

**Roller-Coaster.** Sometimes he's up, sometimes he's down. . . . If you want to stay with him, fasten your seat belt.

**The Disk Jockey.** Stuck tight in the groove. You'd like to change the record? Hands off, brother! That's not the way we do things around here.



**The Three-Belled Grapple.** His desk is so full of a number of things, how can he possibly concentrate on you? His phones ring constantly, and he takes every call himself. In between, he barks over the intercom and dictates in snatches to his secretary. But he hears every word you're saying. Huh? How was that?



**Old Man River.** On and on, over a flood-tide of words. Will your tired raft ever reach a landing?

**The Split Alternative.** We've gotta get going on these plans. Not a minute to lose. But—on the other hand—mightn't we be sacrificing a certain something? Perhaps it might pay to wait. Let's call a conference Tuesday. Or would Thursday be better?



**Space Ship to Mars.** He's worked out the grand strategy. The details are up to you.

**The Double-Dotted "i".** Hands you the same kind of job you've done all these years, then tells you in minute detail how to do it. Thirty minutes later you have full instructions for cleaning the last speck of dust off the assembly room floor but you've forgotten what you were going to assemble.

**The Cheerleader.** "You've got a great future with the company, my boy, so give it all you've got. We've got a great team. Great product, too. Expanding market. Brave new world. Pay raise later? Boy, don't pin me down."

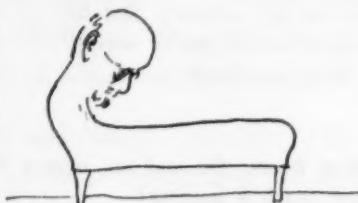
*(Continued overleaf)*



## Communicators Classified (*continued*)

**Cat on a Hot Tin Roof.** He'd stay on the subject if his twitch would let him. The poor fellow *may* be grateful if you lift him gently back on the track.

**Poor Man's Freud.** Now what did *that* really signify? He's so intrigued by your unconscious meanings that he has no attention to spare for what you're saying.



**The Sounding Brass.** First he whispers, then he shouts. But why is the whisper a compliment, and the shout a reprimand?



**The Conclusion-Jumper.** Never lets you finish a sentence. His conversational pogo-stick keeps him one jump ahead, even if it's in the wrong direction.

**The Fuzzy Concluder.** Let's see, now, what did we decide? I'm going to send you ten men for the job? Oh, you said 30? But that was Plan A, wasn't it? Oh, Plan C? Sorry. Sorry. (You'll be sorry too if you don't get the agreement down in black and white, in triplicate.)



**The Commandant.** Communicate? Nonsense! Push the right button and they'll jump. That's what they're paid for, isn't it?

—LYDIA STRONG. *From Effective Communication on the Job: A Guide to Employee Communication for Supervisors and Executives.* American Management Association, New York, 1955.

## Realizing the Full Potential of Decentralization

OVER THE PAST 10 years there has been a slow but steady surge toward decentralization of management—until today, almost without our realizing it, the structure of business has undergone a radical transformation.

The key feature in this transformation is the decentralization of responsibility—making divisions or departments in effect independent operating units, whether at the same location or not, and giving the heads of those units freedom to make their own decisions—no matter how solid or straight the lines that run from them to their superiors on the organization chart.

Where such a move has been made, the results have usually been dynamic. The reason is simple: Men are most likely to perform to their full potential when they are "on their own"—when they are challenged and self-motivation comes into play.

A frequently overlooked corollary is that along with freedom to make decisions must come stronger and surer controls to avoid faulty decisions or decisions that run counter to the over-all interests of the company.

Any manager will inevitably make mistakes if he is free to make decisions affecting the division or department he heads. But unless he has that freedom—and feels it—there will be no dynamic effect.

The surest way to emasculate decentralization is for the superior to say, "You are free to make mistakes" and then watch every decision so

closely that the man has no chance to be wrong. Control devices, on the other hand, have the advantages of being impersonal and objective. Also, since they are set up ahead of time, they tell the man how far he can go, rather than that he must stop here and turn back. Unless they are felt as primarily constructive, they will have a deadly, dampening effect.

The budget, one of the most common control devices, unfortunately labors under the handicap of bad connotations. In private life and in business, the budget has so often been a whipping post that people instinctively react against it. However, this unfavorable attitude can be overcome by having the manager who must conform to a budget participate in its planning, treating the budget as a plan of action expressed in dollars rather than as a device to limit expenditures, keeping the manager informed of his progress in reference to the budget, and handling the budget with some degree of flexibility by making formal checks on progress at periodic intervals with revisions to meet changing conditions.

Another common control device, particularly appropriate in large companies, is the internal audit—a staff activity that watches and probes the operations of the decentralized units. Ideally, these staff representatives work closely with each manager, calling his attention to areas where he is slipping behind budget or at variance with company policy and thus giving him

an opportunity to take corrective action on his own.

To give a manager true responsibility means that he will be making all the decisions that are called for in the operation of his unit. Inevitably there are many occasions where matters affecting the company as a whole are involved, and even more occasions where the decisions require technical skills such as no manager could possibly be expected to possess in full.

Therefore, the manager needs to know clearly what company policy calls for, and he needs to have specialized assistance in technical matters.

—ACME Reporter (Association of Consulting Management Engineers, Inc., 349 Madison Avenue, New York 17, N. Y.), No. 4, 1955.

With such assistance, he can be left alone more safely. Also, knowing that he will not be out of line with company policy and that he will not be making technical mistakes, he is more likely to develop independence and self-confidence to proceed on his own initiative.

This is why the staff function is so important in decentralized companies. Like the internal auditor, the ideal staff assistant works closely with the manager as a collaborator and counselor, not as an interfering busybody; and the manager goes on making his own decisions.

## Institutional Funds: New Source of Investment Capital

THE SOURCES of investment capital in this country are changing. More and more, they are being "institutionalized"; that is, institutions which command large reservoirs of funds, pooled together from the savings of their clientele, are increasingly making these funds available for investment. This practice is not new. It is at least as old as the oldest of the thrift institutions—the mutual savings banks, life insurance companies, and savings and loan associations. But with the growth of these old institutions and the emergence of new ones, institutional investors have come to hold almost one-fourth of all common and preferred stocks. In addition, their portfolios bulge with corporate bonds,

real estate mortgages, and federal, state, and local government debt obligations.

Such investors include not only thrift institutions, but also fire and casualty insurance companies, investment companies, bank insured personal trust funds, non-insured pension funds, health and welfare funds, college and university endowment funds, and the investment funds of foundations and religious or charitable bodies.

The special unemployment compensation trust fund established by the June, 1955, Ford and General Motors Guaranteed Annual Wage agreements should also be mentioned, for if funds of this kind become fairly general, they may represent an important addi-

tion to the list of institutional investors.

The growing role of institutionalized investment raises a number of important questions. Is there any connection between the increase in the size of such funds and the fact that only a small portion of industry's post-war capital requirements was financed by new stock issues? Will industry come to rely more and more on borrowing from institutional funds to finance its expansion plans? And so, will such funds be adequate to meet the demands of a dynamic economy? Finally, will this institutionalization of the investment process lead to a shortage of "risk" capital?

In a recent issue of *Challenge*, George Soule pointed out that only 6 per cent of gross business investment by American corporations since World War II was financed by selling stock to the public; that about 30 per cent of the required funds was borrowed through bond issues; and that internal sources—retained earnings and allowances for depreciation, amortization, and depletion—accounted for the remaining 64 per cent.

But the one-to-five ratio between new stock issues and borrowed funds does not tell the whole story. During this same period, retained earnings of all corporations averaged about \$10 billion annually. Most of these earnings were available in liquid form for expansion of plants, equipment, and inventories. Therefore, the postwar economic expansion was largely financed by undistributed earnings. There is no evidence that institutional

investment funds have affected equity financing.

Actually, institutional investors play an important, if indirect, role in the provision of equity capital. A large portion of the stocks held by institutional investors are purchased from stockholders, many of whom eventually invest both in other seasoned securities and in new stocks.

Will the increasing institutionalization of investment dry up the risk capital available to new and unproved business ventures? It is true that institutional investors do not usually invest in speculative undertakings which involve above-average risks. But this does not necessarily affect the supply of risk capital. Individuals still own about three-fourths of all publicly held common and preferred stocks. Even more important, most of these stocks are in the hands of upper income groups; according to a study by J. Keith Butters, slightly more than one-half of all privately owned marketable stocks in 1949 was held by spending units with incomes of \$25,000 or more. It is investors such as these that industry must rely upon most heavily for its risk capital. They are willing to assume big risks on the theory that any loss incurred will be more than offset by capital gains on investments that turn out favorably.

Another important question is: Will the savings available through institutions continue to find investment outlets in private industry? Should we suffer a depression, investment opportunities for non-speculative institutional investors would quickly dry up. But institutional investors would then look to the public sector for

investment outlets. The capital needs of all levels of government, particularly state and local, have increased tremendously. If private demands for investment money should decline, investment in highways, schools, urban redevelopment, etc., would increase.

This does not imply that public investment would be a satisfactory substitute for private capital expansion.

—LEWIS W. KIMMEL. *Challenge*, November, 1955, p. 42.4.

In the long run, only continued private capital development, accompanied and motivated by rising living standards, will assure us of meaningful economic growth. And it matters little whether money comes from institutional or individual sources. What is important is that the accumulated savings be there for investment in the proper place at the proper time.

### **Pre-Employment Exams That Cut Accident Costs**

THE MOST EXTENSIVE study of accident problems to date is part of the medical research program at the Third Avenue Transit System, New York City, a bus company whose accident prevention program has reduced "preventable" accidents by more than 50 per cent since 1947.

Cost of the program is small in comparison to savings, according to Dr. Harold Brandaleone, the company's medical director. The time and effort involved in excluding unqualified candidates (from 35 to 40 per cent of those who apply) pay off, when the \$300-\$500-a-man cost of training is considered. Substantial savings have been effected also through decreased absenteeism, sick pay, and compensation costs, without even considering unknown sums saved through accident reduction.

The program operates on the theory that predetermination of "safety proneness" is possible if data about each individual and all factors operating in the work situation are competently evaluated. Identification of the accident repeater is not simple. Factors in accident susceptibility differ from person to person.

A rigid method of pre-employment examination, similar to that used by the U.S. Air Force in evaluating pilot candidates, has been established. The steps are: (1) the usual complete investigation of the applicant, with special attention to previous employment and army records; (2) a series of psychophysical tests: performance, Keystone telebinocular, depth perception, glare resistance, lateral vision and hearing; (3) written psychological tests, including the Thurstone temperament schedule, the Maslow security-insecurity tests and the standard examination for transit employees, which measures aptitudes and other personality characteristics relating primarily to stability and maturity; also an interview with the psychologist, and an evaluation based on test results plus the other information plus the interview; 4. in the medical department, a medical history filled out by the applicant and discussed with him by the examining physician; an examination to determine emotional stability; and a physical examination, including urinalysis, blood tests and chest x-ray; 5. study of the reports by medical and safety directors, in order to reach a final decision.

The medical service program also provides employees with clinical facilities for diagnosis and treatment of illnesses. A staff physician is sent to the home of any employee absent for five days. If he wishes,

the physician will prescribe for him. If he has a private physician, a report is requested.

Regular examinations determine physical changes which might result in accidents, and permit early detection of correctable defects. A man involved in a serious accident is referred to the medical department for careful study and to the safety department for retraining.

—*Industrial Relations News* (230 West 41 Street, New York 36, N. Y.) 10/22/55

### "People's Capitalism"

FOR MANY of the world's peoples, capitalism has been no bargain. Under it, they have been acutely miserable.

In too many countries, capitalism has meant a system under which a few men lived in great luxury while the bulk of the people had pitifully little. In Europe, businesses are often still closely held by wealthy families, who fight all moves to "level up" the lower income groups.

What's the answer to this situation? To pretend that we in America do not have capitalism?

Of course not! The answer is to face the issue squarely. Every time the Soviet propaganda machine thunders against capitalism, our obvious cue is to thunder back that a completely new kind of capitalism has come about which is neither colonial nor feudalistic. Further, that this dynamic, new capitalism is already doing things for its people that under communism have remained empty promises for 35 years.

There are two miraculous facts about our new exciting American capitalism (or Canadian capitalism for that matter):

1. That the middle income group has grown and swollen until the segments of very poor and very rich have shrunk almost to the point of extinction.

2. That capital for expansion of our system comes not from a few rich bankers but from the people. Nearly every American either owns life insurance, or has money in a savings bank, or belongs to a pension plan, and much of these funds are invested in industry. Over 7 million people own common stocks; often employees are company stockholders. Even some unions invest funds in industry. In short, the people are the capitalists—a great new phenomenon in the world.

In other words, the chief facts about our new capitalism are that the *people* supply the means for expansion of prosperity, and the *people* share the benefits. Our system is truly People's Capitalism.

—THEODORE S. REPLIER (President, The Advertising Council) in an address before the National Conference of Business Paper Editors.

### AMA Moves Its HEADQUARTERS

To provide additional space for its rapidly expanding activities, AMA moved its administrative headquarters to the Sheraton-Astor Hotel, Times Square, New York City, on November 1. Other AMA departments at present housed at 300 West 43rd Street, including the editorial offices, will be transferred to the new quarters by February 1.

All mail, including editorial contributions, should now be sent to the Associations' new official address, 1515 Broadway, Times Square, New York 36, N. Y.

## Automation and Employment: A Look Ahead

**I**N SOME WAYS, "automation" means precisely what each individual man on the street thinks it means, for to a great extent it is a word which produces various sorts of fears in various sorts of individuals—fear of change, fear of technology itself, fear of displacement, fear of unemployment, fear of machines, fear of science in general. These same fears have been with us in one form or another ever since the first cave man resented fire.

In its technical sense, "automation" connotes, in a general way, technological change, which surely is nothing new, although its latest manifestation has appeared with relative swiftness and in some ways spectacularly. Our preliminary studies in the Department of Labor indicate that there is no reason to believe that this new phase of technology will result in overwhelming problems of readjustment.

For example, the Department recently completed a study of a large insurance company which has installed an electronic computer to process some of its records. The company (like all companies that can best utilize the new technology) is an expanding one. Since it takes a long time to activate the complex new equipment, the company has been able to plan carefully the reassignment and retraining of the workers affected, so that no one will be laid off. The company has transferred some employees to other types of work and retrained others for work on the computer itself. To operate the high-speed electronic computer, a number of people

were selected from the staff for training and assignment as programmers and analysts and operators. New jobs that never existed before electronics was introduced were created elsewhere in the company. Even after installation of the electronic data machines, the company faces a clerical labor shortage because of the ever-expanding volume of business. It is still going to employment offices for female clerical help for office work, as it did in earlier days.

We found a somewhat similar situation in a radio and television manufacturing company that had introduced printed circuitry and automatic assembling machinery. The company eliminated a number of hand assembly jobs in which women worked, and set up a number of higher-paid jobs for operating machinery. No one, however, was laid off on account of the change. All job readjustments were made without disturbance, according to the seniority and working rules of the union agreement. The company timed the installation for a period of seasonal expansion and company growth.

So far, our studies show that only large companies producing standardized goods for an expanding market have been able to use the more advanced types of industrial machinery. Operating in a context of high business activity, with near-full employment and even overtime in many industries, with widespread demand for products ranging from consumer goods to new factory buildings, these

companies have been able to keep to a minimum the dislocation which has sometimes accompanied technological change in the past.

The effects of technological developments, including the one called automation, can be seen pretty clearly by looking at the historical record. In the past technological improvement has meant: unskilled workers have decreased, semi-skilled workers have moved up into skilled areas, and skilled workers have approached the status of technician. In 1910, for instance, unskilled workers represented 36 per cent of the labor force. Five years ago they represented only 20 per cent. Semi-skilled workers from 1910 to 1950 rose from roughly 15 per cent to 25 per cent.

Preliminary studies made by the Department indicate that we have a shortage of skilled workers in this country today. As industry grows more complex, this shortage is bound to increase unless adequate training

programs are set up. We must make sure that we do not waste our manpower, our most valuable resource, as we have wasted our other resources.

The Department of Labor is currently making case studies of plants that utilize the new technology. We are also initiating a series of community readjustment studies, selecting towns where there has been a reduction in employment opportunities. We hope to determine the human, as well as technical, aspects involved in such areas and to investigate those practices that were most successful in meeting the community's problems.

So far, our studies have shown that companies which have installed new automatic machinery with a minimum of industrial relations problems have done so because they considered the problems of the individual worker in making the change. This personnel planning is as essential to modern industry as are the new machines.

—From a statement by the Hon. JAMES P. MITCHELL before the Subcommittee on Economic Stabilization of the Joint Committee on the Economic Report.

## Testing Your Company's Public Relations

**H**OW DO YOU KNOW whether your company's public relations are good or bad? Too often, top management doesn't find out until it faces a test—a proxy fight, unfavorable treatment in the press, a strike, or a serious sales problem.

The following questions comprise a sort of public relations report card. Devised by P.R. expert W. H. Depperman, they can be applied as a checklist

of your company's public relations assets and liabilities.

To determine where your company stands P.R.-wise, take a sheet of paper and jot down your answers—"yes" or "no"—to the following 75 questions. Skip any question you cannot answer. Scoring rules are at the end of the test.

### Management's P.R. Attitude

1. Is your company's top man-

agement particularly public-relations minded?

2. Does your company do anything to stimulate public-relations awareness among top management?

3. Before your company makes any major move, do your top executives think first in terms of the best interests of the public?

#### Stockholder Relations

4. Are you sure your stockholders would vote for the present management in a proxy fight?

5. Do your annual reports give stockholders relatively complete information about company activities?

6. Do your annual reports compare favorably with those of your competitors?

7. Do you include leaflets or other informative literature on your company's products or activities when mailing out quarterly reports or dividend checks?

8. Has any leading business or financial publication printed a worthwhile article about your company recently?

9. Do you make a regular effort to inform financial analysts about your company?

10. Do you have a good, up-to-date booklet about your company and its activities for distribution to stockholders and the financial community?

#### Press Relations

11. Are your company's relations with the local press as good as you'd like them to be?

12. Are your company's relations with the national press as good as you'd like them to be?

13. When your company is involved in a controversy, do you feel the press

really tells your side of the story?

14. Does your company enjoy the reputation of being frank with the press?

15. Have you made a special effort recently to win the confidence of the press?

16. Do you release unfavorable news, such as accidents, layoffs, etc., along with favorable news like safety records and increased employment?

17. When your company gets involved in a controversy, do you see to it that the press has your side of the story before the "other fellow" gets his licks in?

18. Are you taking full advantage of the news value of significant company actions for both local and national publicity?

19. Do you get as much publicity for your new products or services as your competitors get for theirs?

20. Are your regular "bread-and-butter" products or services receiving the benefit of continuing publicity?

21. Do you get a reasonable amount of publicity for your research activities, financial reports, dividends, benefit programs, personnel changes, community and other worth-while activities?

22. Do your over-all publicity results compare favorably with those of competitors?

23. Do you have a practical way of determining this?

24. Are you satisfied that your press relations are handled adequately by competent men in sufficient numbers?

25. Are you satisfied that your company is getting the most from its publicity opportunities?

#### Community Relations

26. Is your company regarded as

a good corporate citizen of its community?

27. Have you a valid reason or some proof (e.g., a recent attitude survey) for believing this?

28. Is your town fully aware of the significant contributions (taxes, payrolls, purchases, etc.) your company makes to the community?

29. Are you telling your town about your company regularly so it will be regarded as a good corporate citizen?

30. Have you used local newspaper advertising for this purpose recently?

31. Have you used local radio or television recently for this purpose?

32. Is your company regarded highly enough in its community to get the pick of the local labor crop?

33. Do your company's top executives take the lead in community activities?

34. Do your top executives actively support civic, educational, social, or fraternal organizations and activities?

35. Does your company participate in such activities on a maximum basis?

36. Are your financial and other contributions to the community commensurate with your size?

37. Have you held an open house in the last few years to give the community an awareness of what you do, how you do it, working conditions, etc.?

38. Do you have a regular program of plant tours for local business, civic, religious and educational groups, for the same purpose?

39. Do your top executives appear before local groups as speakers, telling them about your company and its activities?

40. Do you have an up-to-date

booklet about the company for distribution to local groups?

#### Employee Communications

41. Have you done anything recently to inform your employees about the over-all scope and activities of your company?

42. Do you feel your employees are proud of their company, are loyal to it, speak well of it, and recommend its products or services to their friends?

43. Do you have some valid reason or evidence for believing this?

44. Have you explained your retirement and benefit programs to your employees recently?

45. Do you do so frequently?

46. Do you have an up-to-date booklet about the company and its activities for employee distribution?

47. Do your channels of communication to employees keep them regularly informed of the company's activities?

48. Does this information serve to engender a feeling of "belonging" which can result in greater loyalty, productivity, etc.?

49. Do you inform employees on company developments before they appear in the press?

50. Do you keep your employees posted on articles concerning the company which appear in the press?

51. Have you made a recent survey to determine where your employee relations need improvement?

52. Are your wage scales and benefit programs in line with those for comparable work in your area?

53. Do you find it easy to hold employees?

54. Do you publish a special annual report for employees?

55. Are you satisfied that your employee publication is doing an effective job of communications?

56. Is it competently edited and does it look good?

57. Is it more than a collection of trivial items?

58. Does it make your employees feel they know "what's going on" in your company?

59. Does it give them a feeling that they "belong" and that their efforts are recognized?

60. Does it do a good job of "selling" safety, good housekeeping, scrap control, and other important practices which help you run a safer, more profitable business?

#### Trade Relations

61. Have you done anything recently to improve your relations with companies within your industry?

62. Do you conduct a continuing campaign to assure favorable trade relations?

63. Do you keep business papers in your industry well informed on your company and its activities?

64. Do top executives of your company regularly participate in activities of business and trade associations?

#### Dealer Relations

65. Are you sure the dealers who

—W. H. DEPPERMAN, *Tide*, October 22, 1955, p. 22:3.

handle your products think well of your company?

66. Do you survey them frequently to determine any changes of attitude toward your company?

67. Do you keep your dealers regularly informed on your company's activities?

68. Do you conduct a continuing advertising campaign in business papers to show your company is backing them up?

69. Are your dealers as receptive to your company's salesmen as they are to competitors?

#### Consumer Relations

70. Are you sure your company's name is as highly regarded by consumers as your competitors?

71. Do you check regularly to determine consumers' attitudes toward your company?

72. Are you sure your company's products are as highly regarded by consumers as your competitors?

73. Do you check regularly to determine consumers' attitudes toward your company's products?

74. Do you conduct a continuing institutional advertising campaign to tell your company's story to consumers?

75. Do you see that consumers' correspondence and complaints are answered promptly and properly?

#### Scoring Your Test

To figure your company's public-relations rating, subtract the total number of your "no" answers from the total number of "yes" answers and check the resulting figure against the following scale:

60-75: Your P.R. status is excellent.

45-59: Your P.R. is better than most companies'.

30-44: Your P.R. is fairly satisfactory.

15-29: Your P.R. is poor and needs attention.

0-15: Your P.R. standing could hardly be worse.

## Keeping Foremen Alert to Costs

HOW OFTEN do your foremen take time to analyze operations in their departments from a cost-reduction point of view? Do they do it regularly and systematically?

The Wire and Cable Department plant of General Electric Co. (Bridgeport, Conn.) has found it worth while—to the tune of \$150,000 in savings last year—to establish a procedure for stimulating their foremen's suggestions. The procedure provides for recording, following up, and reporting on foremen's ideas.

Every foreman is required to make periodic cost-reduction surveys within his area. He is helped by a list of 24 questions which are designed to stimulate his thinking. He takes any operation in his department, answers the questions and recommends specific improvements by the time specified on the form.

Wire and Cable foremen also participate on cost-reduction teams. Sometimes called task forces, these teams work on special projects. They identify operations or items that have the largest costs and apply their cost-reduction efforts where it is likely to do the most good. Foremen often head up the teams, which may include a manufacturing engineer, cost man, rate man, product engineer, and one or more line executives. Rank goes out the window when these committees meet.

"The major problem in starting a program isn't getting ideas," observed a GE executive. "There is no lack of brains and talent in any organization. The hardest part of the program is sifting ideas and pushing the good ones through in a reasonable period of time, so that people do not become disappointed and adopt a 'don't care' attitude."

—*The Foreman's Letter* (National Foremen's Institute, Inc.) 8/1/55

## Every Year an Anniversary Year

WAITING for your company's Golden Anniversary to stage a big promotion? You needn't, says Etna M. Kelley, in a recent issue of *Advertising Requirements*. If you want to do some promotion and publicity based on a business anniversary, there are many ways to start.

First, there's no law against celebrating an anniversary at any time. Any multiple of five is a natural, and some businesses have successfully promoted such odd birthdays as the 68th, 84th, 87th, and 96th.

But if the company wishes to save major fireworks for a centennial or other major anniversary, other themes can be used for current celebrations. For example:

1. Observe the anniversary of a pioneer in the industry, an invention, or other "milestone" promotional peg. This can be done cooperatively with other businesses, if desired, as an industry-wide celebration.
2. Observe the anniversary of a brand.
3. Celebrate the anniversary of the head of the company, some other official instrumental in founding the business, or the descendant of a founder.
4. Date your anniversary from the first association with some other organization, such as an advertising medium; a major distributor; the oldest customer; and so forth.
5. Build a promotion around the production or sale of your millionth (or umpteenth) product, service contract, etc.

## Can We Carry the Pension Load?

CAN THE NATION continue indefinitely to shoulder the costs of pensions for our senior citizens? This question is raised by the rapid and continuing increase in the number of persons aged 65 and over, the prospect of ever-larger amounts of Social Security, and the almost universal corporate acceptance of employee retirement provisions.

Facts and estimates from the files of the Census Bureau and the National Industrial Conference Board show that while the population increased almost sevenfold from 1850 to 1950, the age 65-and-over group increased twenty-fold. Its numbers quadrupled in the first 50 years of this century, whereas the population only doubled.

A comparison of numbers alone, however, is misleading. The relationships among the various age groups form a better basis for analysis:

Distribution of Population by Age

Year	Under 20	20-64	65 and over	Total
1850	43.5%	53.9%	2.6%	100%
1900	44.7%	51.3%	4.0%	100%
1950	34.4%	57.6%	8.0%	100%
1960 (est.)	35.7%	55.0%	9.3%	100%
Ratio, 1950:1850			3:1	

While the proportion of the 65-and-over group tripled, this gain was more than offset by the decline in the group under age 20; the age 20-64 group which contains most of those gainfully employed has remained fairly constant. This indicates no particular cause for alarm as to the ability to carry the pension load.

—The TPF&C Letter (Towers, Perrin, Forster & Crosby, Inc.), September 28, 1955.

Figures concerning those gainfully employed show, moreover, that in 1950 8 per cent more of our population was gainfully employed than in 1850. To date, at least, the number of retired employees has not adversely affected this picture.

In spite of shorter working hours, increased productivity has raised the standards of living in all age ranges. Children are given more educational opportunities, workers have more leisure, and older persons, through systematic thrift and private or governmental pensions, have been given a reasonably adequate and self-respecting economic status.

Formerly, family breadwinners supported their aged relatives. Today taxes and periodic pension contributions provide most of the necessary funds, but the principle is basically the same: those working share with those not working.

Obviously, however, government and private pensions must be kept within reasonable limits, both as to amounts and terms of eligibility.

With the prospect of greatly increased productivity through technological improvements, an ever-expanding population attaining higher and higher levels of education, our improved health and increased life expectancies, we as a nation should be able to continue to improve our standard of living and at the same time educate our children, retire our oldsters, and reduce our working hours.

## Improving Your College Recruiting Program

THE YOUNG MAN with the crew cut, sloppy trousers, and very off-white shoes is a many-splendored thing to industry. Last year alone, over 5,600 companies sent their college recruiters to American campuses with good job offers to graduates.

This year the pursuit for young engineers, technicians, and trainees is equally relentless. Because of the imbalance of supply and demand, the college recruiter must use every tool in his kit of persuasion techniques.

One man with some pertinent suggestions to make about company recruiting practices is Karl A. Hill, Associate Dean of Dartmouth's Amos Tuck School of Business Administration. Here are some of his comments, made in a recent interview:

Sometimes management seems more interested in recruiting future presidents and vice presidents of the company than good, steady engineers or technicians. The recruiters are all going after the top 10 per cent of the graduating class.

School grades, however, are no real index to an individual's industrial potential. A man in the lower half of his class academically may turn out to be an excellent man in industry. But you can't convince recruiters of that. In countless instances companies have hired "average" or even "below average" grade men, out of desperation, only to find that these people stayed longer with the company and did better jobs.

The top 10 per cent may well be

prima donnas once they get into industry and want to move faster than the pace of the company will allow. So they quit, and this creates costly turnover. Management ought to stop looking for the chiefs and hire some Indians.

Similarly, the articulate student—the fellow who can make a quick sale—is often given the nod, although he may have less development potential than the hesitant fellow. Let your "on-the-job training" help contribute to developing people. College graduates should be looked upon as raw recruits.

Many students haven't fully made up their minds about a career. Companies miss a big potential here, since recruiters have little patience with students who don't know exactly what they're going to do in industry and where they want to go. The student who hasn't made up his mind on what branch of industry he wants to go into should be persuaded to try it out with your company. Then, when he signs up, let your management development program steer him into the correct occupational channel.

Students who have broad education and haven't specialized constitute the biggest potential yet for good manpower. A testing program to discover technical and engineering talents can be used to good effect in selecting liberal arts majors who have the capacity to handle exacting jobs in industry.

Only about 10 per cent of grad-

uating students make a decision on salary alone. Most are aware of the fact that if they start too high in the salary bracket, their progress in the company will be that much slowed until others catch up with them. More than in starting salary, students are interested in companies which have long-term growth—new product possibilities in five, 10, and 20 years. If your company is "going places" product-wise, you won't have too much trouble getting students to want to work for you.

While it's common practice to invite the graduate to the plant or headquarters for an interview and pay his expenses, too many students make a joyride out of it. One cure might be

—Employee Relations Bulletin (National Foremen's Institute, Inc.),  
October 26, 1955, p. 4:5.

to ask the student to contribute something to the trip—\$10 to \$25 for "coffee and doughnuts," perhaps. Then, too, the student will not feel that he is a "heel" if he turns the company down.

An excellent recruiting device is to let the faculty know about your company. Some companies invite faculty members for plant tours and in-plant seminars. It's expensive, perhaps, but it pays off because students depend a lot on faculty impressions.

It's a good idea, too, to keep the faculty informed of the progress of school alumni. This will help establish good communications between your company and the college administration.

## The Executive of Inadequate Personality

THE EXECUTIVE of inadequate personality is one of the costliest, most difficult problems facing industry today. An oversimplified definition of this executive is one who shows a combination of apparent talents and characteristics indicating a productive level considerably higher than that which he actually attains. Observed over years, he may occasionally produce at mid-level or above, but his production is inconsistent and its average low.

The early over-all picture of the inadequate personality executive is pleasant—that of a man of considerable promise. As production level, cooperation, and assumption of responsi-

bility all prove disappointing, there develops among his associates a tendency to believe him possessed of ability or talent, unfortunately not applicable to his recent assignment, but immediately proposed as suited to some other assignment, of different nature than the last, and usually under direction of another supervisor.

Eventually, management recognizes it has an employee who for 8 to 15 years has been both a non-producer and a problem. Although by now automatic pay increases have raised this man's salary far above any past or possible future contribution to the corporation, his age, his stake in his

pension, and related factors make termination almost impossible.

To recognize these executives early, it is of the greatest help to study individual features making up the total personality picture. Besides the disappointing productive record, the following characteristics, either reflection of or compensation for underlying insecurity and inadequacy, will be found.

*Appearance* is usually above average and almost always overemphasized. These people are exceptionally well-groomed and finely dressed.

*Education and family background* are also usually above average. These positive factors are increasingly emphasized as compensation for other factors gradually being revealed as deficient.

In their *personal lives* these men overemphasize outward symbols of success. The maintenance of this front makes them live up to or beyond their incomes. This complicates the problem by compulsion towards salary increases.

*The health record* is spotted by manifestations of nervous instability—phobias, periodic headaches, temperament, strong hatreds, and dislikes. Leaves of absence and extra vacations are taken because of headaches, exhaustion, and other nervous symptoms. In addition to, or as substitute for, this pattern of nervous instability, they frequently suffer physical disorders.

*Family life*, like background and education, is overplayed. Superficially they are proud of their families and their roles as "family men"; actually there are periods of domestic upset.

*Personality*, particularly on early

acquaintance, appears good (but with qualifications). Basically, these men have little real interest in their subordinates, a fact manifested by lack of consideration. And in spite of their obsequiousness to superiors, they often show inability to sit down and speak at ease with them. It is this maladjustment to associates at all levels which becomes a chief factor in the "special" assignments successively arranged for these executives.

*Cooperative ability* is superficially colored by an "eager beaver" type of enthusiasm, but is really poor and spotty. The distinction between desirable and unworthy assignments, always sharp and exaggerated in their minds, becomes in later years magnified beyond any possibility of practical cooperation. Understanding another's point of view is always difficult for these people, while changing their own is virtually impossible.

*The responsibility-bearing ability* of these inadequate executives, like their cooperative ability, follows a curve which descends with the years. As evidence of their inadequacy increases, ability to make and hold decisions declines to a level at which even minor decisions become cause for major nervous upset.

Having looked at the whole picture of the inadequate personality, let us turn to the solution:

The president of a large corporation summed this up in describing such an employee: "The time to have terminated that man was the second time it was found nobody wanted him or could use him without creating a special assignment." While such a solution may sound callous, it is the only satisfactory method for the cor-

poration as well as the only kind or satisfactory method for the person himself.

Full-blown inadequate personality problems are easily recognized but almost impossible to solve. They are the

result of a problem handled with initial ignorance and subsequent avoidance and procrastination by an older management generation, and finally handed to a younger generation for solution.

—*Dun's Review and Modern Industry*, August, 1955, p. 45:6.

### Fair Employment—A Progress Report

DISCRIMINATION against minority groups is less evident today in the hiring policies of American industry than in its promotion practices, in the opinion of a group of business leaders participating in the Conference on Equal Job Opportunity held recently in Washington by President Eisenhower's Committee on Government Contracts. The labor force of most firms includes a representative number of members of minority groups, the exchange of experience revealed, but these workers frequently are denied opportunity to move upward into higher classifications and higher skills.

According to Vice President Richard M. Nixon, the committee chairman, the total U. S. labor force is expected to increase only 14 per cent in the next decade, as against a hoped-for 45 per cent increase in Gross National Product. Some of the difference, he said, will have to come from greater use of the skills of those groups not now employed to their full capacity.

It was pointed out that the fears many companies had about non-discriminatory employment policies, particularly in the South, had proved largely unjustified. These programs were successful when actively supported by top management.

### Where You'll Find Tomorrow's Customers

MARKETS for American business 10 years from today will be built around a sharply increased number of new families, a greatly expanded school-age population, and enlarged industrial centers in the West, Southwest, and South.

According to a forecast prepared by the Population Reference Bureau, Inc. (Washington, D.C.), a non-profit research organization which gathers, correlates, and distributes population data, Americans will number 176,103,000 by 1960. By 1965 the figure will have risen to 188,593,000.

New York, now the top-ranking state population-wise, will have surrendered that title to California by 1965. The most marked regional gain in population will occur in the West and Southwest although some southern states will gain ground, too, reversing a trend which has decreased their population in the past.

Robert C. Cook, director of the Population Reference Bureau, says

the projection of America's population for 1965 reduces itself to these important elements:

1. There will be 14,200,000 more young people up to 19 years of age than there are today (59,400,000 now—73,600,000 in 1965);
2. There will be 2,700,000 more people 65 and over than there are today (14,600,000 now—17,300,000 in 1965);
3. There will be only 7,800,000 more people between ages 20 and 64 than there are today (91,200,000 now—99,000,000 in 1965).

Where will tomorrow's customers live? If present trends persist through 1965, most men and women 65 and over will be found in the North Central and Southern states. As for the youngsters, look for them in greatest number in a horseshoe-shaped grouping of states which begins in the South, swings westward through New Mexico and Utah, then hooks back through the Dakotas, the Great Plains area, and the Midwest, terminating in the extreme northeastern portion of the nation.

Business men who hold these projections for later reference should remind themselves to update the forecasts in the light of significant new developments, Mr. Cook advises.

—*Nation's Business* 10/55

### **Is Conventional Tabulating Equipment in the Twilight Zone?**

WHILE THE REDUCTION of clerical costs is commonly used as a yardstick for measuring electronic application potential, the reduction of conventional tabulating costs dominates the scene in actual practice today. Most of the pioneer business electronic applications, in practice and in blueprint, are justified by the elimination of the costs of the conventional tabulating equipment which is being supplanted.

As a result of this trend, it appears that conventional tabulating equipment is on the threshold of the twilight zone. The large companies, who are the biggest users, are leading the way toward replacement of these machines. Gradually, many other users will follow, either with large-scale computers or with integrated data-processing systems employing various types of machine suited more to the particular needs of the company. In any case, the twilight zone, either by design or chance, will probably closely approximate the lifetime of existing tabulating machines.

Medium-sized companies having from 100 to several thousand employees cannot, of course, be expected to adopt an electronics program as early or on such a scale as the larger companies. For this reason, we may conclude that tabulating machines on hand will continue in use for these companies for a considerably longer time.

It is unlikely that smaller companies, having fewer than 100 employees, can afford electronic computers for a long time. However, there will be made available electronic service bureaus with all the experience and know-how of the larger companies. Other forward-thinking companies will develop systems along the lines of integrated data processing, putting into operation only those pieces of new equipment which are actually practical for its operation.

—CHARLES E. SPRING in an address before the Fourth Annual Systems and Procedures Conference.

# Salesmen's Base Salaries: Grubstake or Control?

KENNETH R. DAVIS

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COMBINATION salary and incentive pay plans for salesmen are multiplying. Back in 1940, the Dartnell Corporation estimated that 28 per cent of salesmen were paid a salary plus bonus or commission. Today the figure is probably around 60 per cent. The salary element in these plans varies from 30 to 90 per cent of the salesman's total income; typically, it is found to be 60 to 65 per cent.

Advocates of combination plans have repeatedly stated that a salary is paid to assure the salesman an income to cover his out-of-pocket living expenses. Thus, the salary component of their salesmen's earnings has been described by various companies as follows:

We give our men a grubstake.

The base pay, as distinct from his total compensation, usually is set at a figure which will take care of the man's out-of-pocket living expenses, so that he will not have to worry about where he is going to get the money to pay the landlord, the butcher, and the income tax collector.

Bill money—a fixed income large enough, but no larger than enough to enable the salesman to pay his bills and live modestly.

The straight salary part of our plan is sufficient to give a decent living without worry; and luxuries come from hard work.

The salary should include enough to assure him an income sufficient to meet his normal living expenses at the standard of living to which he is accustomed and entitled—without which he cannot render good service.

Aren't these descriptions of what the salary is supposed to represent in the salesman's compensation plan misleading? Aren't they wishful thinking? What salesman lives on 60 per cent of his income? Living on less than your anticipated income is a tough assignment for anyone—and is probably an unreasonable one for a good salesman, who is invariably well fortified with optimism.

What is the real objective when a salary becomes part of a salesman's paycheck? The answer is control. The day a company moves over from a straight commission to some combination salary plus commission or bonus plan, it is in effect saying: "We want greater control over our salesman's activities." This holds true also when a company that has had a combination plan increases the proportion of salary. As soon as a company assumes chief responsibility for the size of the salesman's income—and this is what it is doing when it injects a salary factor into the pay plan—it has come to the conclusion that the company, rather than the salesman, should decide how selling time is to be used.

Of course, this may be necessary. Often the salesman does not have management's perspective of long-range view, and if left to his own designs would dissipate his efforts on

**short-run** objectives. Accordingly, salesmen's activities that do not produce immediate sales volume (and commission income) are usually associated with a combination salary and incentive pay plan. Thus the need for missionary work, prospecting, and servicing of accounts may impel a company to adopt a new plan with heavy emphasis on salary, in a conscious effort to direct the day-to-day activities of the salesman.

But there may be other reasons why the company seeks control. In some instances, management may find it impossible to identify the sales resulting from individual salesmen's efforts. This may develop when advertising looms large in the marketing mix; or it may reflect a situation where top management personnel are important in making the final sale. Or, as is the case in selling many industrial goods, there may be others who play an important role—e.g., engineers, architects, and cost accountants. Under these circumstances how does one know whether sales volume, new customers, or balanced selling—on which commissions might be based—are the result of salesmen's efforts? One doesn't. Con-

sequently, the proportion of the salesman's income derived from commissions is reduced, to reflect his presumably smaller role in the total sales effort. This is a decision the company makes. In doing so, it controls the allocation of over-all selling effort and makes a judgment on the contribution and commensurate income of the salesman. With a salary component in the salesman's income, the company can administer its selling dollars more easily.

There's no denying that one factor—a relatively insignificant one—is the desire to introduce stability in the level of salesmen's earnings. But here, again, the company is seeking control; by balancing salesmen's earnings in good and bad years, it hopes to keep its sales force intact. In this day of security-minded sales trainees, a combination plan has real merit as a recruiting device. On'y in this sense—as it applies to the year-to-year stability in the level of the salesmen's earnings—does the salary component in today's salesman's pay plan have anything to do with his household budget. To suggest otherwise may be to jeopardize management's reputation for sincerity in the eyes of the sales force.

### ***The Truly Indispensable Man***

NEVER BEFORE has the indispensable man in American business been so easy to identify. He is the salesman. He holds the key to the stability, the security, the expansion of our American economy.

American capitalism has brilliantly solved the basic problems of production. Its restless drive and inventiveness will continually increase its output. Our inventive genius has not only given us machines; it is giving us machines to run machines. Every sign indicates that 10 years from now we shall be able to produce at least twice as much as we are now producing. (In 1955, \$383 billion; in 1965, \$600 billion.)

Nor need we worry about the sources of producing power. Atomic

energy dedicated to peacetime uses projects vast reservoirs of power we have only begun to tap. There will always be fuel enough to run all the machinery of production we can create. A sufficient quantity and kind of goods to underwrite an ever-rising standard of living is guaranteed to us.

This leaves one unanswered question: How can we make sure that the goods will keep moving? If the consumer does not buy the goods we make, the stream of production will not flow from the manufacturer to the wholesaler to the retailer to the home, but will back up into surplus inventories on the shelves of dealers—which, in turn, will dry up production at its source, leaving us with idle factories, or harvests plowed under.

The salesman has to find the answer to the central question. He is the man who stands at the crucial point where production must be channeled into consumption. He is the man upon whose intelligence, imagination and industry the welfare of our expanding American economy most critically depends.

The salesman is no longer a mendicant seller full of sound and tricks. He has risen to a new and commanding dignity. It is time for him to take a new look at himself, and to create within his profession higher standards of ethics, deportment and method. As he must, inexorably, to win higher status in the community and attract to salesmanship the finest intelligences of the country.

There is no profession in which an ambitious young man can look forward to greater self-fulfillment and higher service at this juncture than that of salesman. For he is truly America's indispensable man!

—FRANK KINGDON in *The American Salesman* (49 West 57 Street, New York 19, N. Y.) 9/55

### **Company Presidents' Backgrounds—A Survey**

A RECENT SURVEY conducted among the top executives of 100 leading companies by H. B. Maynard, president of the Methods Engineering Council, disclosed that 52 per cent of the presidents had started out in staff jobs as against 48 per cent in line jobs (equally divided between production and sales). Forty per cent of the presidents started their own businesses.

Jobs held by respondents en route to the presidency included line (production), 4 per cent; line (sales and production), 44 per cent; line and staff (mostly line), 18 per cent; and line and staff (mostly staff), 34 per cent.

Asked to identify the areas they consider their main interest and background, 12 per cent of the respondents named manufacturing; 22 per cent, sales; 34 per cent, sales and manufacturing; 14 per cent, fiscal and accounting; 8 per cent, engineering; and 10 per cent, legal.

Presidents interviewed in the survey come from companies with annual sales volumes ranging from \$500,000 to more than \$1½ billion annually.

—*Mill & Factory* 10/55

IT IS GIVEN to no man to have uninterrupted success. But it is given to every man to work on with courage and hope at the main job, the job that never ends—the job of finding, and of becoming, his best self.

—HERMAN WOUK

## Making Office Work Measurement Pay Off

IT IS OFTEN SAID that office work is different and cannot be measured, or that the cost of maintaining work measurement records is too high, or that the savings possible are not worth while. Today, such remarks just don't apply. A number of non-factory industries have proved that work measurement can and does work in offices.

Installing a work measurement plan is a tough job. It requires hard work, completely unified effort, and intelligent planning. But our experience at Aldens is that savings will approximate 30 per cent and the work quality will improve.

Prior to 1926, we used a unit cost method of control based on past performance records. Budgets and current costs were judged against unit costs of previous seasons. Under this method, departmental costs were influenced by the manager's interpretation of good performance.

It became evident that our controls were inadequate. We therefore asked a management firm to survey our problem. After a series of meetings, we decided to adopt work measurement.

Initial time studies indicated that most operators were performing at 50 per cent efficiency. Managers were highly skeptical; it didn't seem possible that output could be doubled; it was also believed that a speed-up would result in poor quality work and a high error ratio. Nevertheless, management went ahead.

The mail opening department was the first to be placed on work measurement. Initial studies made on four

girls, considered to be the top operators, showed that they were producing at 31 per cent efficiency.

Within six months, production in this department doubled. Troublesome error groups dropped as much as 85 per cent in error ratio. The plan was accepted by the office manager, by rank-and-file, and by management.

Through work measurement and continued engineering, individual operations were subdivided. The so-called complex jobs were simplified. While the function of the mail opening department is essentially unchanged an efficient, balanced work flow was established.

Subsequently, other departments received intensive selling and training in the plan. Tests were set up in various units. Without exception, where work measurement was installed, the test showed high increases in production with accompanying better quality. Today, the clerical departments operating under the work measurement plan include mail opening, order reading, index, circulation, addressing, accounting, timekeeping, billing, correspondence, and credit.

During the installation of the plan, a production committee of managers was formed. Training classes were held for both managers and supervisors.

Of the several thousand people at Aldens, about one-third perform clerical operations. Today, 83 per cent of these workers—and 73 per cent of all Aldens employees—operate under the work measurement plan.

Standards have been established on

various types of office equipment. Approximately 250 employees in the credit department operate on standards established for reviewing and analyzing credit accounts. Operations of billing, adjusting, and writing correspondence are also included; sorting, filing, and look-ups are covered.

The actual setting of a standard is preceded by a consultation with the section manager regarding the following factors:

1. What purpose will the standard serve?
2. Is there sufficient volume to justify a full-time operator? If not, what provision can be made to provide additional opportunity for the operator to earn more money on useful and productive work?
3. Can the job be combined with other operations of a similar nature, perhaps in other departments?

—From an address by PAUL HOLLY (Manager of Clerical Operations, Aldens, Inc.) before the National Office Management Association.

4. How will the quantity as well as the quality of work be controlled?

5. Can the judgment required of the operator be reduced through standardization?

6. Is it possible to measure the job and establish a standard on a unit of completed work that will be easily understood by the operator so that expression of a time standard will become in reality an incentive?

The standards of the work measurement plan at Aldens now serve a threefold purpose.

1. They provide an accurate measuring stick for production requirements.
2. They make our budgeting and forecasting of payroll and unit costs more accurate, and tighten departmental performance requirements.
3. They provide a control of production costs.

### **Office Suggestion Systems—A Survey**

SUGGESTION SYSTEMS play a prominent part in office operations, according to a survey conducted recently by the Office Management Association of Chicago. Altogether, 142 companies with 778,125 employees participated in the study.

Slightly over half the responding companies now have suggestion systems. Of the remainder, 11 per cent are giving some consideration to their installation.

Supervisors are eligible for awards in 66 per cent of the companies. Of these companies, two-thirds pay awards to supervisors only when the subjects are not related to their own departments.

Evaluating suggestions is a committee assignment in 67 per cent of the companies. Ninety-eight per cent pay cash awards; minimum awards range from \$5 in one-half of the companies to \$25 in one firm. Two-thirds have no specific maximum amounts and one-fifth have maximums ranging from \$15 to \$10,000.

Ten companies reported that they had discontinued suggestion systems. The main reason: "Took too much time of key people."

—American Business 11/55

## One View of Supplementary Unemployment Compensation

IT HAS BEEN SUGGESTED that a radical new principle is being introduced into American industrial relations through the supplementary unemployment compensation feature of the recent Ford-GM agreements—the principle that the employer has a substantial responsibility for the people whom he lays off. Actually, the very fact that these agreements provide for *supplementary* unemployment compensation indicates that no radical new principle is being introduced. Unemployment compensation is already here; the principle that the employer has responsibility for people who are laid off was introduced in Wisconsin in 1932 and in the country as a whole in 1935.

Will the spread of the Ford-GM type of agreement squeeze the small employer out of business? Clearly, rapidly growing enterprises will be helped, because their layoff rates tend to be low. So will employers in industries with small seasonal and cyclical movements of employment. On the other hand, employers in declining industries or industries with large seasonal and cyclical movements of employment will be hurt. In certain industries there may be a fairly strong inverse correlation between size of the enterprise and layoff rates—the bigger the company, the lower the layoff rates. But we should not conclude that this is invariably true.

The extent to which the employer with the low layoff rate would be

favored by the spread of the Ford-GM type of agreement will depend upon the bargaining policy of unions. The unions must decide between (1) imposing the same contribution rate on employers who compete with one another and tolerating differences in either the amount or the deviation of benefits, or both; and (2) imposing variable contribution rates in order to make possible uniformity in the size and duration of supplementary benefits.

Unions have learned from long experience that they get into trouble with employers and with their own members if they permit very great differences in the burdens which they impose upon the employers who are competing with one another. Therefore, they will accept variations in the size and particularly the duration of benefits in order to keep uniform the contribution rates of competing employers.

The bargaining power of the unions gets pretty weak when the employer is quite poor and when his economic prospects are quite bad. Though these agreements may gradually spread to many employers, they probably will never be applied to the very weakest employers and to the very sickest of industries.

Will the agreements be an important inflationary influence in the economy? They will be a mild inflationary influence, but not an import-

ant one. Any arrangements which diminish the severity of recessions make it more probable that the long-run movement of prices will be upward. But it is hardly a very serious complaint against the Ford-GM type of agreement that it does help limit the severity of recessions!

Would the spread of these agreements add to economic stability? These agreements will never extend beyond union members to any degree, and many union members will not be interested in supplementary unemployment compensation or will be working for employers who cannot afford to negotiate the Ford-GM type of agreement. As a rough guess, these agreements might extend in the next five years to as many as 10 million workers. That would mean only one out of four of the workers now covered by the unemployment compensation schemes in the States and on the railroads would be affected; but the extension of the agreements might help half of the unemployed, since unemployment is concentrated to some extent. If so, the usefulness of these agreements in sustaining incomes and sustaining markets in periods of recession will be fairly substantial.

How much likelihood is there that the spread of these agreements will cause men to prefer idleness to working? In my judgment, not much. One can go pretty high in benefits before one creates a preference for idleness in a high proportion of cases. If by working a man can earn \$20 a week more after taxes than he might draw in benefits, he will prefer work in nearly every case. In other words, one can go up to 65 or 70 per cent

of income after taxes and perhaps higher before one creates much preference for idleness. Those who suggest that our men would readily prefer idleness to work have little conception of the large volume of unfilled wants which every American family has.

Some editorials have suggested that the spread of the Ford-GM type of agreement will cause a weakening of the spirit of adventure in American industry. It is said that if hiring additional men means greater liability for the employer, he will think twice before he hires them.

If an employer has orders, however, he is going to fill them even though he has to hire men to do it. It is quite an inadequate economic analysis which suggests that the spread of a type of agreement which would help sustain incomes to an appreciable extent in periods of recession would weaken the will of employers to extend their operations.

The big criticism of these agreements is that their potentialities are so limited. They are inherently incapable of doing the job which needs to be done: to give adequate unemployment compensation benefits to all employees, not simply to union members.

A system of unemployment compensation which pays very liberal benefits, but not so liberal that large numbers refuse to work, does not limit production in times of prosperity. But in times of recession it raises production because it raises incomes and thus raises the demands for goods. Its net effect over the entire business cycle, therefore, is to raise the pro-

duction of the economy. One of the surprising things to me as an economist is that American business men have not taken the lead in insisting

—SUMNER H. SLICHTER in an address before the Interstate Conference on Labor Statistics.

that Congress protect their markets and their investments by giving the country a truly adequate system of unemployment compensation.

## How to Lose Your Shirt in Grievance Arbitration

EACH YEAR American management and unions present thousands of grievance cases to arbitrators. As might be expected, management receives many unfavorable awards. Sometimes it does not have a good case. At other times, however, management has an excellent case, but fails to present it effectively.

There are many ways to lose a grievance arbitration. This discussion covers only the six most effective methods. They are:

1. *Negotiate fuzzy contract clauses.* Management loses many arbitrations because the contract clauses bearing on the issue lack precise meaning. In effect, management may say: "We admit that the contract could be interpreted as the union proposes, but that's not the way we intended it."

The arbitrator has no magic power of knowing what the parties intended. He must rely primarily upon what they have set down in the contract.

2. *Handle grievances ineffectively.* Arbitrations are frequently lost because management fails to act effectively in the prior steps of the grievance procedure. If each grievance is approached as a problem to be solved rather than as a contest to be won, the chance of its ending up in arbitration is greatly reduced.

Management representatives should exercise great care in early handling of grievances. A few hasty words by a supervisor, quoted before an arbitrator, may turn the tide against the company.

3. *Choose the wrong arbitrator.* What should management look for in an arbitrator?

First, it should determine whether or not he has a biased labor-management philosophy. Some arbitrators are clearly anti-management. They may say "I give decisions to management too," but in reality they do so only if they think such a decision also serves the best interest of labor. Such arbitrators obviously should be avoided, but management should also avoid men who are anti-labor. The arbitrator should be a man who can understand and appreciate what the worker wants and why he has grieved through his union.

Second, management should determine whether he has sufficient knowledge in the field of labor relations and personnel administration.

Third, management should determine his knowledge and general attitude regarding the particular problem which is to be arbitrated.

4. *Prepare the case inadequately.* Perhaps the easiest way to lose an

arbitration is to fail to prepare properly. On the surface the case may sound good. At the hearing, facts and arguments may be brought out by the union which, if known, might have caused management to avoid arbitration.

In getting ready, management should prepare a short written statement of its case, starting with the facts—the data on which the union and the company agree—and followed by a statement of the company's position.

This has several advantages. First, it causes management to think through the issues. Fallacies become clear. New arguments come to light. Second, the arbitrator is free to hear the company's presentation without taking too many notes. Third, management is free to concentrate on developing its arguments without the necessity of getting their basic elements across to the arbitrator. Finally, when he is arriving at his decision, the arbitrator has management's points in front of him.

In preparing for the hearing it is important to seek the help of all management representatives involved. They should be given an opportunity to suggest arguments and to criticize the proposed presentation, and should be prepared to deal with the type of questions which may be asked at the hearing.

5. *Present the case ineptly.* Even a well-prepared case may be lost if

—THOMAS KENNEDY. *Journal of Personnel Administration*, May, 1955, p. 18:4.

presented poorly. Someone should handle the case who can present management's arguments clearly and at the same time can convey management's sincerity and reasonableness.

Management's conduct can greatly influence the arbitrator. It is important, therefore, that management representatives act in a friendly, calm, and reasonable manner.

6. *Lose the case after a favorable award.* Management can lose at arbitration, even though it wins. One way is by being afraid to enforce the award. There is nothing more harmful to the prestige of the company and to the institution of arbitration than unwillingness to go through with a decision once it has been won.

Another way of losing, even though winning the award, is "rubbing it in" so that ill feeling is created. Management representatives should never "crow" about a favorable decision.

Once the award is rendered, management should seek answers to a number of questions. Was the problem really settled or is there a more basic issue? Why was management not capable of preventing this grievance? What was wrong in the grievance procedure that prevented the problem from being solved at a lower level?

Satisfactory answers to these questions are usually far more important than winning or losing the award.

#### AMA GENERAL MANAGEMENT CONFERENCE

*AMA's West Coast General Management Conference will be held on Tuesday, Wednesday, Thursday, and Friday, January 24-27 inclusive, at the Fairmont Hotel, San Francisco.*

## Also Recommended...

• Brief Summaries of Other Timely Articles •

### GENERAL

**PRODUCTIVITY: THE GREAT AGE OF 3 PER CENT.** By Gilbert Burck and Sanford Park-er. *Fortune* (9 Rockefeller Plaza, New York 20, N. Y.), November, 1955. \$1.25. America's living standard will more than double in the next 25 years if, as seems probable to the authors, productivity increases by an annual average of 3 per cent instead of the 2 per cent average annual acceleration chalked up over the past century. How this increased productivity will be achieved, and what it will mean in the fields of manufacturing, farming, trade, services, and transportation, is discussed in this article.

**HOW TO PLAN PROFITS FIVE YEARS AHEAD.** *Nation's Business* (U.S. Chamber Building, Washington 6, D.C.), October, 1955. 60 cents. Bell & Howell's new management set-up, which increased sales, net earnings, working capital, and dividends, is described in detail here. Strategic planning for profits "is less a formula than a state of mind," say the authors. It is not limited to industrial giants but can be applied to a firm of any size.

**BUSINESS AND THE GOOD SOCIETY.** By Raphael Demos. *Harvard Business Review* (Soldiers Field, Boston 63, Mass.), July-August, 1955. \$2.50. The author, a philosopher, points out that free thought and free enterprise are alike in supplying "the friction of competition and the spark of progress that it generates." He discusses how far business can be regulated—or can regulate itself—while retaining its capacity to contribute increasingly to living.

**DILEMMAS AND DANGERS IN AN AMERICAN LABOR PARTY.** By Theodore Levitt. *Labor Law Journal* (214 North Michigan Avenue, Chicago 1, Ill.), September, 1955. \$1.00. Should organized labor start its own political party in the United States it would be doomed to failure, the author believes,

because it would polarize an even more powerful opposition. Even if the party should win control of the government, he says, it would be unable to govern effectively because it could not satisfy its members and at the same time keep the economy running.

**AUTOMATION.** *Business Week* (330 West 42 Street, New York 36, N.Y.), October 1, 1955. 25 cents. Full automation is a long way off, say the writers of this special report. If we applied all that we know of automatic controls today, regardless of cost, only 8 per cent of the labor force would be directly affected by displacement, upgrading or downgrading. In this article the history of automation and its special meaning to business, unions, and others are discussed.

**BUSINESSMEN IN FICTION.** Robert A. Kavesh. *Amos Tuck School of Business Administration*, (Hanover, N.H.), 1955. Gratis. Have capitalists and executives become unpleasant stereotypes in literature? The author, who thinks they have, briefly surveys the background for the change from glorification in the 19th century to "almost universal antagonism" today, and suggests that a new trend may be in the making, toward portrayal of businessmen as varied and interesting human beings.

**HOW TO KEEP NEW IDEAS COMING.** *Business Week* (330 West 42 Street, New York 36, N. Y.), October 22, 1955. 25 cents. Pay increases are far more effective than job advancement as a way of keeping creative talent flowing, says this informative review of creative thinking programs and practices in American business. "Brain-storming" sessions in which nobody voices a critical opinion have been found helpful. So have money incentives, time off, winter vacations, and a moderate amount of convention-going.

## INDUSTRIAL RELATIONS

**AUTOMATION AND JOB TRENDS.** Council for Technological Advancement (120 South La Salle Street, Chicago 3, Ill.). Single copies gratis. Automation will help create more jobs, companies, and industries than it will eliminate, say the authors of this new pamphlet, third in a series on technology and employment. But a free, dynamic flow of labor from industry to industry, unhampered by artificial restrictions, is essential if the full benefits of automation are to be realized.

**SOME ASPECTS OF THE NATURE OF UNIONISM AMONG SALARIED PROFESSIONALS IN INDUSTRY.** By Bernard Goldstein. The University of Chicago Industrial Relations Center (975 East 60 Street, Chicago 37, Ill.), Research Reprint Series No. 64. A new and different form of unionism is developing among some professional employees, the author reports. In 1954, more than 25 collective bargaining units served some 40,000 professionals. Their bargaining practices reflect professional concerns: Union shop provisions are usually rejected, and strikes are rare; salaries are determined by merit rather than seniority, and there is stress on securing to the professional a share in the patent rights and royalties from his inventions.

**THE GUARANTEED ANNUAL WAGE, EMPLOYMENT AND ECONOMIC PROGRESS.** By Wayne A. Leeman. *Industrial and Labor Relations Review* (Cornell University, Ithaca, N. Y.), Vol. 8, No. 4, \$1.50. The author suggests that widespread adoption of the GAW principle would result, after a period of readjustment, in a slower rate of economic progress and a redistribution of income to compensate investors for taking over the economic risks of unemployment. The difficulty or ease of the readjustment period, he believes, will depend on the "wisdom and restraint" shown by labor leaders.

**EMPLOYING THE HANDICAPPED IN INDUSTRY.** By B. E. Kuechle. *Personnel News* (P. O. Box 1413, Milwaukee 1, Wis.), September, 1955. Contrary to a prevalent impression among some employers, compensation insurance companies do not object to the employment of handicapped persons in industry, says the author, who is vice president of the Employers Mutual Insurance Companies of Wisconsin. He presents statistical proof that such persons, when properly placed, are less accident- and disease-prone than "normal" individuals.

## OFFICE MANAGEMENT

**THE FITFUL BEGINNINGS OF OFFICE AUTOMATION.** By James K. Blake. *Dun's Review and Modern Industry* (99 Church Street, New York 8, N.Y.), October, 1955. 75 cents. Small firms should begin studying new data processing techniques. That is the consensus of 27 companies queried in this four-part survey, which includes also an extended case study of automatic order processing at Scott Paper Co., the views of automation equipment producers, and review of recently published material.

**CLERICAL SHORTAGE.** By Haym Jaffe, K. G. Matheson, and W. E. Toombs. *Office Executive* (132 West Chelten Avenue, Philadelphia 44, Pa.), November, 1955. 50 cents. The total supply of clerical workers

will increase during the next decade, though a long-run shortage of women office workers may be expected to continue, say the authors, a Drexel Institute of Technology team reporting on a study they conducted for the National Office Management Association. Their article includes detailed charts of past and projected future trends in clerical employment.

**ELECTRONICS.** By A. C. Vanselow. *Best's Insurance News* (75 Fulton Street, New York 38, N.Y.), September, 1955. 50 cents. Three years is a reasonable minimum for complete conversion of a punched-card office system to electronics, says the author, an officer of the Franklin

**Life Insurance Company.** In this article, first of a series, he describes in detail how the company handled the changeover and trained its own personnel to operate the computer.

**SUPERVISING WOMEN WORKERS.** By Arthur C. Croft. *Office Executive* (132 West Chelten Avenue, Philadelphia 44, Pa.), November, 1955. 50 cents. Much of the

woman office worker's emotionalism stems from the lack of incentive in the "organizational vacuum" surrounding her job, says the author. He urges job specifications and descriptions, plus training in specific skills. Given these, he believes, the only "special" requirement for supervising women is the same as that for supervising men: "a boss who knows people, likes people and knows all about the work."

## PRODUCTION MANAGEMENT

**NEWEST WAY TO FIGURE EQUIPMENT PAYOFF.** By Ray I. Reul. *Factory Management and Maintenance* (330 West 42 Street, New York 36, N.Y.), October, 1955. 50 cents. The Profitability Index, a "new tool that will predict the profitability from new machines, new equipment, new buildings," is described in this article. Five factors are considered: total investment, annual cost savings, useful life of equipment, probable depreciation allowance, and expected income rates on profits. The result gives a basis for weighing a single proposal, or comparing the merits of several.

**YOUR KEY TO MAINTENANCE SAVINGS.** By R. J. Stratmeyer. *Chemical Engineering* (330 West 42 Street, New York 36, N.Y.), September, 1955. \$1.00. The first step in reducing the costs of maintenance is to break it down into job categories, the author suggests. He groups these job categories (such as equipment repair, building maintenance, and so on) under two main headings—repair and non-repair—accounting respectively for 75 per cent and 25 per cent of the total budget. For each category he suggests approaches likely to be effective in promoting cost control.

**JOE CAN CONTROL COSTS—with SHARP TOOLS.** By Cecil L. Clark. *N.A.C.A. Bulletin* (505 Park Avenue, New York 22, N.Y.), August, 1955. 75 cents. "Joe," the job boss, can do more than top management to control costs in his own department, says the author, who is vice president and treasurer of the Sangamo Electric Company. He reviews his company's cost system, cost control reporting, budget plan, and appropriation system as tools to be placed in the hands of operating men.

**BUYING REPLACEMENT PARTS.** By H. W. Jones. *Purchasing* (205 East 42 Street, New York 17, N.Y.), September, 1955. \$1.00. Replacement parts agreements set up by DuPont with its machinery suppliers have established a common language which immediately and positively identifies each spare part and facilitates speedy deliveries. In the process (described step by step) of setting up such agreements, the company stabilized prices and realized a greater degree of parts interchangeability, thus reducing the number of different parts needed.

**WRITING REPORTS THAT GET ACTION.** By Waldemar A. Ayres. *Factory Management and Maintenance* (330 West 42 Street, New York 36, N.Y.), September, 1955. 50 cents. Decide before starting your report exactly what you want it to accomplish, the author advises. A "yes" answer is more probable if you make the profit potential clear to top management and if you anticipate and solve problems likely to arise in carrying out your proposal. Step-by-step suggestions are given for effective report preparation.

**VALUE ANALYSIS.** Steel (Penton Building, Cleveland 13, O.), September 19, 1955. 50 cents. One-fourth of manufacturing cost, on the average, could be saved, says L. D. Miles, value analysis manager for General Electric, quoted in this article. The value analyst is a new type of specialist, supplementing but not superseding the engineering and manufacturing cost reduction program, who analyzes expenditures for parts and materials with a view to determining how to secure equal performance at less cost. GE's 10-point value test is given in this article, and the procedures of value analysis are described.

## MARKETING AND SALES MANAGEMENT

**THE PAST, THE PRESENT, THE FUTURE OF DIRECT MAIL ADVERTISING.** By Henry Hoke. *The Reporter of Direct Mail Advertising* (224 7 Street, Garden City, N. Y.), September, 1955. 50 cents. A lively review of the history of direct mail, from the establishment of the first commercial service (1876, New York City) to the big industry of today. Quotes, anecdotes, and charts lend color to the story.

**PARKER PEN—REPORT ON A MARKETING STORM CENTER.** Printers' Ink (205 East 42 Street, New York 17, N.Y.), September 9, 1955. 25 cents. A full-length study which shows how a company copes with the problems of a changing industry and changing consumer habits. Among the methods are automation, coupled with an employee incentive plan; realistic price ranges; aggressive marketing at home and abroad; planned advertising and promotion campaigns; and a carefully thought-out market research and testing program.

**BUM STEER OR THE REAL LOW-DOWN WHEN YOU FOLLOW UP A REFERENCE?** By Bernard P. Gallagher. *Sales Management* (386 Fourth Avenue, New York 16, N. Y.), July 1, 1955. 50 cents. When asked for a reference, former employers naturally tend to mention only the employee's good traits. To get the complete lowdown on a salesman before he is hired, says the author, the preliminary interview must be supplemented by a thorough follow-up investigation and an analysis of its findings. A checklist of undesirable character traits to watch out for is provided.

**RATIONALITY AND IRRATIONALITY IN MOTIVATION RESEARCH.** By Edward Scriven. A. J. Wood & Company (347 Madison Avenue, New York 17, N.Y.). Gratis. The purpose of motivation research is to uncover, with the aid of tools from psychology and sociology, the motives back of consumer buying, says the author. In this article on a notoriously controversial topic, he gives his views of "rational" or statistical motivation research used to help plan successful promotion, and the "irrational" or "clinical single case" variety, which he says leaves companies "more confused than they were before."

**MEET MR. AND MRS. TEEN-AGER.** By Caroline Bird. *Sales Management* (386 Fourth Avenue, New York 16, N.Y.), September 1, 1955. 50 cents. Many marketers could profit from a closer look at the teen-age market, says the author. Today's teenagers are marrying earlier, have more cash to spend at the start, share household duties and interests more equally, and are planning larger families. Snob appeal is less effective than convenience and comfort appeal in selling these young families, the author believes.

**WHAT THE EDITOR WANTS.** The Society of Business Magazine Editors (1015 National Press Building, Washington 4, D. C.). Gratis. All press releases to business papers are read, even though few are used, say the authors of this guide to writing and physical presentation of news releases and feature stories. The editor's principal criterion: "Is this item of current, specific interest to the readers of my magazine?"

## FINANCIAL MANAGEMENT

**HOW TO MAKE CAPITAL CONTROLS WORK.** By John E. Rhodes. *N.A.C.A. Bulletin* (505 Park Avenue, New York 22, N. Y.), September, 1955. 75 cents. Policy on two questions—return on investment and protection of investment—must be settled before a capital expenditures program can be formulated, the author points out. Using Sylvania Electric Products as an example, he describes how a company in a fast de-

veloping industry can set up profitable investment policies and carry them out with the aid of appropriate accounting tools.

**RENEGOTIATION IS HERE TO STAY.** By Paul M. Trueger. *Journal of Accountancy* (20th and Northampton Streets, Easton, Pa.), Vol. 100, No. 1. 75 cents. The author, a CPA specializing in defense contracts,

analyzes the main features of renegotiation legislation and suggests useful accounting procedures. Original preparation and presentation of required data are slighted by most contractors, to their own disadvantage, he says.

**A VARIABLE BUDGET INSTALLATION FOR CONTROL PURPOSES.** By Edward Shippen. *The Controller* (1 East 42 Street, New York 17, N. Y.), August, 1955. 60 cents. The author presents a step-by-step case history of the development, installation, and application of centralized control and budgeting to a chain of retail fuel outlets, each of which had formerly been independently operated.

**DECENTRALIZATION AND INTERCOMPANY PRICING.** By Joel Dean. *Harvard Business Review* (Soldiers Field, Boston 63, Mass.), July-August, 1955. \$2.00. With decentralization has come the problem: How do you measure costs for the decentralized operating divisions as a product moves through the stages of production and distribution? In this article the author, a management consultant, describes a method based upon "competitive prices negotiated in arm's length bargaining by

division managers," even to the point of going outside the company for purchases or sales.

**WHAT IS A CONTROLLER?** By Edward B. Cochran. *Journal of Accountancy* (20th and Northampton Streets, Easton, Pa.), Volume 100, No. 1. 75 cents. The increase in size and complexity of businesses seems to the author to call for a new kind of controller: one who does not merely "keep score" but enters actively into planning. He describes how the controller can help the business make more money by reviewing the profit aspects of each transaction, helping to plan for future profits, and evaluating performance against plan.

**MAKING REPLACEMENT DECISIONS TO REDUCE COSTS.** By I. O. Goodnight. *N.A.C.A. Bulletin* (505 Park Avenue, New York 22, N. Y.), August, 1955. 75 cents. Whether or not capital funds should be spent to replace equipment depends, in the author's view, solely on what return will be realized from this investment in the form of cash savings, and on how this return compares with returns available from other investments. Depreciation or salvage values should not be factors in the decision, he says.

## INSURANCE MANAGEMENT

**WHAT AND HOW TO INSURE.** By L. H. Wiggers. *Credit and Financial Management* (229 Fourth Avenue, New York 3, N.Y.), October, 1955. 25 cents. How does the insurance buyer know what to insure for his company? He must make a complete survey of the business and must be kept up to date on all new plans and developments if he is to be aware of all the hazards requiring consideration, says the author, manager of the Insurance and Real Estate Department of the Procter & Gamble Co. In this article, he presents and discusses standards used by P&G to determine its insurance coverage.

**INDUSTRY DIFFERS ON VARIABLE ANNUITIES.** By Abram T. Collier and Henry E. Blagden. *The Eastern Underwriter* (93 Nassau Street, New York, N.Y.), Oct. 7, 1955. Part 2. \$1.00. Should insurance companies write variable annuities? No, says John Hancock's Mr. Collier: Insurance must pay

dollar for dollar, not "pie in the sky." Counters Prudential's Mr. Blagden: The public wants annuities of this type to protect their retirement income against inflation. Both men back up their arguments with detail which will help readers understand the current controversy.

**AN ANALYSIS OF GROUP CREDITORS' INSURANCE.** By James B. Jacobson. *Prudential Insurance Company* (763 Broad Street, Newark, N.J.), 1955. One of the fastest-growing forms of life insurance is group creditors' insurance, which is issued to a creditor under a group policy to cover the lives of debtors in amounts equal to their indebtedness. On the basis of information from all leading companies in this field, the author discusses the special characteristics of such insurance, its costs and premiums, its regulation, sales, and administration, usual policy provisions, and advantages to buyers.

## **Survey of Books for Executives**

**THE BIG BUSINESS EXECUTIVE:**  
*The Factors That Made Him, 1900-1950.* By Mabel Newcomer. Columbia University Press, New York, 1955. 164 pages. \$4.00.

*Reviewed by J. Elliott Janney\**

The social and economic backgrounds of the entrepreneurs of the beginning of the present century are contrasted in this volume with those of the professional managers of today.

In general, it is becoming easier for men to climb the totem pole of corporate management without the aid of stock ownership. The monolithic individualist is rapidly giving way to the coach who builds the team.

During the 50 years studied there was an important shift from outside boards of directors to inside ones. The evidence presented indicates that the inside-directed companies are managed as well as or better than those whose directors are appointed largely from outside the management.

The majority of big business executives continue to be Republican and Protestant. Their fathers were business or professional men and their ancestors came from northwestern Europe. There are some indications, however, that the percentage of Jews, Roman Catholics and others are on the increase in top corporate positions. One study analyzed in this volume suggests that in the group studied Jews led in starting their own businesses.

It is becoming more difficult for the non-college man to rise to the top in American business; at the same time,

of course, it is becoming much easier for young men to secure a college education. Though Harvard and Yale still lead in the number of graduates in top positions, one-third of the big business executives studied attended state or municipal universities.

One of the major changes between 1900 and 1950 was that top corporation officials who had independent business experience before becoming corporate executives declined from two-thirds to one-tenth of the total.

There is a growing tendency to promote from within the corporate ranks. However, it must be remembered that in 1900 there were many more upsets in top management occasioned by struggles for financial control than is true at the present time. Growth companies tend to have a somewhat younger top management than do static companies.

There is a very rough degree of correlation (with many glaring exceptions) between the size of the company and the size of the president's salary. However, the money-hungry young American would be well advised to become either a television comedian or a Hollywood star to get into topmost income brackets!

Existing data do not support the popular belief that ulcers and heart failure are more common among top business executives than among other people of the same age.

By and large, the evidence presented supports the belief that there is a trend toward the selection of top management on the basis of character and personality as well as business acumen. There seems to be an increase in the

\* Partner, Rohrer, Hibler & Replogle, Psychological Consultants to Management.

amount of attention given to the ability of top executives to build and coach an executive team and to be a public citizen.

To date, relatively little systematic research has been done on the motives of top business men. The mainsprings which impel able men to seek more and heavier responsibility, in spite of the continuing decline in real income, are still largely a matter of conjecture.

This book is "a must" for the library of anyone who is interested in the growing professionalization of American corporate management.

**INDUSTRIAL RECREATION: A Guide to its Organization and Administration.**

By Jackson M. Anderson, McGraw-Hill Book Company, Inc., New York, 1955. 304 pages. \$5.00.

To the executive charged with the responsibility of keeping abreast of the endless spate of words on employee relations, it all too often seems that no corner of this well raked-over territory can possibly have remained unexplored. Yet, every once in a while, along comes a book that leaves him wondering why nobody ever thought of writing it before. Dr. Jackson's comprehensive study of industrial recreation constitutes a notable addition to this rare category.

Though the subject itself is far from new—companies have been providing recreational facilities for their employees for the best part of a century—it has hitherto been buried in scattered magazine articles, research monographs, and odd chapters of industrial relations handbooks. Dr. Jackson is to be congratulated on having disinterred and reassembled this formidable mass of disjointed data into a clear and coherent guide to the principles, methods, and techniques of organizing and

administering an industrial recreation program.

While it might be argued that rather too much space has been devoted to expounding the benefits of industrial recreation and tracing its growth and development, the practical sections of the book amply compensate for this minor defect. Both the student who aims at making industrial recreation his career and the fully-fledged recreation director will find here a complete blueprint for planning, initiating, and financing a company program, selecting and promoting its activities, providing adequate facilities and equipment, organizing a successful employees' association, and evaluating the effectiveness of the program as a whole.

In addition to the extensive references that accompany each chapter of this helpful guide, a series of appendices includes a model constitution for an employees' recreation association, the check list used in the Purdue Industrial Recreation Interest Survey, a list of national organizations providing recreation services, and an evaluation rating scale.

**THE STAFF ROLE IN MANAGEMENT.** By Robert C. Sampson. Harper & Brothers, New York, 1955. 226 pages. \$4.00.

*Reviewed by Carl Heyel\**

It is a curious fact that in the reams of literature which have accumulated on the philosophy and techniques of organization, very little indeed is devoted to the staff concept—especially to the pitfalls and shortcomings of staff as applied in management today. One may suspect that this is because by far most books and articles on organization are written by people who are them-

\* Director of Planning, Mergenthaler Linotype Company, Brooklyn, N.Y.

selves in staff positions—or, what amounts to the same thing, engaged in management consulting work or the teaching of management. Perhaps they see too readily the mote in other organizational eyes instead of the beam in their own!

Now, however, comes Mr. Sampson to correct this deficiency—and he does it very well indeed. From his preface we gather that his business experience spans at least a quarter-century, and that as an associate of the management consulting firm of A. T. Kearney & Co., he has had practical exposure to problems of organizational interrelationships in many different kinds of businesses.

The author develops his subject in an orderly fashion, grouping his chapters into four logical subdivisions. Part One, "The Tyranny of Techniques," sets forth basic dilemmas and conflicts; Part Two, "Staff Objectives," discusses the nature of staff work and groups objectives into management development, organization planning, and administrative planning; Part Three, "Staff Work in Action," gives practical "how-to-do-it" information which should be an invaluable guide to the staff man's conduct of his work; Part Four, "The Future," is a plea for better integration and utilization of staff work, and presents some very searching "self-awareness" questions. By means of these questions the reader, if he is in staff work, can evaluate his own effectiveness in what the author terms "humanistic staff work"—i.e., staff work carried on with proper understanding of people and proper cognizance of the human factors at work in any group relationship.

To the present reviewer, in his own professional work, the problems of providing for specialized knowledge and services in such a way as to make line operations more effective, without diffusing essential line responsibility

for programs and results, have often proved vexing in the extreme. In view of this, he can here report that Chapters III and IV—"The Paradox of Line and Staff" and "The Nature of Staff Work"—are alone worth the price of admission. In earlier pages, the author says: "Finding a precise definition of the functions of staff people is well-nigh impossible. I found eight different descriptions of what staff work should be in the first 10 books on management in which I looked." In these chapters, he details the "groping nature of staff work, its trials and errors, its heterogeneous hotchpotch of activities" which "make any systematic analysis of staff work difficult." He is fully aware of the "delicate problem of balance in the relationship between staff units, with supposedly advisory and research functions, and the line organization, with its management of production processes."

The author properly defines staff work as an *adjunct* to line management, working to make line management more effective in its managing. Throughout, he hammers home the need for avoiding the diffusion of responsibility resulting from improper usurpation by staff of responsibility for results properly belonging to line. (We may add that this was classically underscored years ago by the failure in practical application of Taylor's concept of "functional foremanship".)

As industrial and commercial operations become increasingly complex, the sheer impossibility of a single brain's taking in all the ramifications of a far-flung enterprise makes for an increasing reliance upon specialists. But specialists often tend to look through a narrow knothole from which the broad picture cannot be seen. Thus Mr. Sampson performs a service by developing in Chapter VIII the need for the staff specialist to become the "staff generalist"—one who becomes concerned

with the *total situation* in which the line executive whom he is counseling finds himself. Of course, there remain staff jobs which are not deeply involved in the total management process. These the author terms "accessorial," without in any way deprecating their importance to the enterprise.

It is always gratifying for a reader who has been forced to devote serious attention to a given set of recurring problems, to find in a work addressed to the same problems substantial agreement with the basic concepts he himself has sweated out in practice. Such rapport between author and reviewer happily exists here. Not in substance, but in emphasis only, would there be some area of divergence. This book is very strongly angled toward the human-relations and educational aspect of staff work *vis-a-vis* line work—and justifiably so. However, it seems to this reviewer that one aspect of the "staff generalist" concept deserves much more detailed treatment than the rather casual

and implied reference made in the second-to-the-last chapter. In recent years, the function of *broad corporate planning* has had to be given increasing attention. This is the "staff generalist" at the very highest level, embracing organizational planning, product-line development and diversification, new-business acquisition, facilities modernization and expansion, and the like, for the company as a whole and for the long pull. This need is implied in the brief paragraph on Vice President—Staff, and the schematic diagram of staff and line functions and relationships on pages 204-205. But discussion in detail of the proper provision for corporate programming—where it should head up in the organization structure, the proper degree of complexity of its own internal staffing, how it should draw upon the services of other staff specialists, and the like—would have been welcomed. On the other hand, perhaps, these points are material for a whole book in themselves!

### Briefer Book Notes

[Please order books directly from publishers]

#### GENERAL

**OCCUPATIONAL MOBILITY IN AMERICAN BUSINESS AND INDUSTRY, 1928-1952.** By W. Lloyd Warner and James C. Abegglen. University of Minnesota Press, Minneapolis 14, Minn. 1955. 315 pages. \$5.50. This comprehensive sociological study is concerned with such questions as what factors determine whether a man will rise to the top of the business ladder, and how far the time-honored assets of family, money, and education are important today. Based on an analysis of the social origins and careers of some 8,000 major business executives of the largest companies in America, the study finds that though mobility to the top has been slowly increasing for the last quarter of a century, the operation of rank and the effects of high birth are strongly evidenced in the selection of the American business elite. Fathers at the elite levels still find it possible to endow their sons with greater opportunity than those lower down enjoy. Nevertheless, the authors conclude, the values of open and competitive status are felt more today than yesterday, and those of inherited position, while still powerful, are less potent than they were a generation ago.

**ORGANIZATION AND MANAGEMENT: Theory and Practice.** By Catheryn Seckler-Hudson. The American University Press, 1901 F Street, N.W., Washington 6, D.C. 1955. 324 pages. \$5.00. A systematic and critical analysis of the principles and processes of organization and management in large undertakings. Though primary emphasis is placed on public management, the book is designed to provide criteria of management processes that may serve as yardsticks for specialists, executives, and students of large-scale administration. Case problems introduce each chapter, and a classified and annotated bibliography of some 500 books, periodicals, and official documents is provided.

**THE TECHNICAL REPORT: ITS PREPARATION, PROCESSING AND USE IN INDUSTRY AND GOVERNMENT.** Edited by B. H. Weil. Reinhold Publishing Corporation, New York, 1954. 485 pages. \$12.00. This comprehensive study of the preparation, presentation, distribution, and use of technical reports is the cooperative effort of editors and authors with experience in a variety of fields. Detailed techniques of editing, illustrating, binding, duplicating, filing, and abstracting are fully treated. The book is well documented with illustrations, tables and graphs, and selected references.

**PROBLEMS IN BUSINESS ADMINISTRATION: Analysis by the Case Method.** By Thomas Cicchino Raymond. McGraw-Hill Book Company, Inc., New York, 1955. 373 pages. \$5.00. Emphasizing the development of analytical ability rather than specialized business techniques, the author here offers a selection of cases covering a wide variety of problems in business management. The cases are organized in four groups of increasing complexity, ranging from a specific problem to detailed programs of action and their implementation.

**MANAGEMENT AIDS FOR SMALL BUSINESS: Annual No. 1.** Edited by Edward L. Anthony. Small Business Administration, Washington, D.C. 1955. 184 pages. 65 cents. A reprint of the first year's issues of the Small Business Administration's bi-weekly series, *Management Aids for Small Business*. Contains 31 articles grouped under three main headings: business-government relations, internal general management, and external sources of help, advice, and guidance.

**CONTROLLING GOVERNMENT CORPORATIONS.** The Tax Foundation, Inc., 30 Rockefeller Plaza, New York 20, N. Y. 1955. 43 pages. Single copies gratis. An examination of the sharp increase in government corporations since the outbreak of World War II and an analysis of the improvements needed in existing controls to insure that these corporations function in the public interest.

**SUCCESSFUL LEADERSHIP IN BUSINESS.** By Charles A. Cerami. Prentice-Hall, Inc., Englewood Cliffs, N.J. 1955. 224 pages. \$4.95. A how-to-do-it book offering plans and techniques for stepping up the executive's ability to direct others, put his ideas across forcefully, handle conflicts and arguments, win cooperation and respect, and generally increase his productiveness, earning power, and prestige.

**THE AMERICAN ECONOMY—ATTITUDES AND OPINIONS.** By A. Dudley Ward. Harper & Brothers, New York, 1955. 199 pages. \$3.50. A record and an assessment of the attitudes and opinions of certain groups of Americans on their economic conditions and problems, and the ethical values these involve. The study, based on extensive individual and group interviews, ranges over a wide span of age and income levels and occupations.

**HANDBOOK OF INDUSTRIAL ENGINEERING AND MANAGEMENT.** Edited by W. Grant Ireson and Eugene L. Grant. Prentice-Hall, Inc., Englewood Cliffs, N. J. 1955. 1203 pages. \$16.00. An integrated guide to the methods and procedures of today's scientific management, covering not only such long-established topics as managerial economics, cost control, manpower management, motion and time study, and production planning, but also such newer aspects of the subject as industrial hygiene, statistical quality control, industrial statistics, and operations research. Among the leading experts in their respective fields who have contributed to this compendium, Ernest Dale writes on the structure of business organizations, Joel Dean on managerial economics, Dale Yoder on manpower management and employment relations, Leo B. Moore on industrial standardization, Robert E. Donovan on industrial safety, A. W. Swan on industrial operations research, and William Gomberg on trade unions and industrial engineering.

**THE UNITED STATES ECONOMY—WHERE IS IT HEADED?** Edited by Harold W. MacDowell. Graduate School of Business Administration, New York University, New York, 1955. 119 pages. \$2.00. (Available from Dr. MacDowell, N.Y.U., Room 610, 115 Broadway, New York 6, N. Y.) The proceedings of the Second Annual Dean's Day Homecoming Conference of the Alumni Association of the Graduate School of Business Administration of New York University. Included are papers on broad trends in American economic development and the future of the business cycle, and sessions on the future of the bond market, investing in equities, current developments in taxation, overcoming resistance to change, and organizing personnel for a competitive edge.

**TINKERS AND GENIUS: The Story of the Yankee Inventors.** By Edmund Fuller. Hastings House, 41 East 50 Street, New York 22, N. Y. 1955. 308 pages. \$4.50. A fascinating account of the flowering of inventive genius in New England in the late 18th and early 19th centuries.

**COORDINATION, CONTROL, AND FINANCING OF INDUSTRIAL RESEARCH.** Edited by Albert H. Rubenstein. King's Crown Press, Columbia University, New York, 1955. 429 pages. \$8.50. The proceedings of the Fifth Annual Conference on Industrial Research held in June, 1954, with selected papers from the Fourth Conference held in June, 1953. Among the 28 topics included are the current status of industrial research, internal control of research operations, the control of research funds, the art of business forecasting, preparation of research budgets, key questions for the research administrator, and building better management-research relations.

**INDUSTRY-COLLEGE RELATIONS.** By Edward Hodnett. The World Publishing Company, 119 West 57 Street, New York, N. Y., 1955. 158 pages. \$3.50. This report of a survey made by the author for the Conference-Committee on Industry-College Relations evaluates the extent and effectiveness of programs of cooperation between industry and colleges under four main heads: formal relations, modes of communication, educational mechanisms, and areas of special concern. Conceding that at present college graduates are not well prepared to meet the most urgent needs of industry and society, the author suggests a program for the establishment of better cooperation in the future.

**POLICY FORMULATION AND ADMINISTRATION.** By George Albert Smith, Jr., and C. Roland Christensen. Richard D. Irwin Inc., Homewood, Ill. 1955. 749 pages. \$8.00. This revised edition of a well-known casebook of top-management problems contains 34 cases selected from those now being used in teaching the course in Administrative Policy at the Harvard Business School.

## INDUSTRIAL RELATIONS

**BETTER FOREMANSHIP—KEY TO PROFITABLE MANAGEMENT.** By Rexford Hersey. Chilton Company, Chestnut and 56 Streets, Philadelphia 39, Penna. 342 pages. \$6.00. The latest edition of this popular supervisory handbook incorporates a number of suggestions received by the author following the publication of the first edition. A new chapter on the foreman as interviewer has been added, together with a specific program for making the foreman part of management, and a general program for building up a management team. The original "Check List of Foreman's Administrative and Personnel Duties" has been revised to provide a closer tie-in with each of the chapters on the foreman's performance of such duties, and in a new appendix the author outlines his own suggested program for using the book to best advantage.

**PERSONNEL SECURITY PROGRAMS IN U.S. INDUSTRY.** Bureau of National Affairs, Inc., Washington, D. C. 1955. 125 pages. \$5.00. The proceedings of a conference held in Washington, D. C. under the sponsorship of the Washington chapters of the Industrial Relations Research Association and the American Political Science Association. Papers on the operations of the AEC security program and security and freedom, and a round table discussion on the experiences of management and labor with industrial security are included.

**HOW TO NEGOTIATE A SUCCESSFUL CONTRACT.** By Louis M. Brown. Prentice-Hall, Inc., Englewood Cliffs, N. J., 1955. 290 pages. \$5.65. Covering most contracts used in day-to-day personal and business affairs, this book is designed to help the non-lawyer avoid legal trouble and to obtain maximum legal protection at early stages of negotiation. Each chapter in the book covers a fairly typical contract negotiation and follows a similar three-part outline: a discussion of the transaction and its possible pitfalls, an illustrative contract form, and a checklist of points to remember.

**BEYOND NATIONALIZATION: The Labor Problems of British Coal.** By George B. Baldwin. Harvard University Press, Cambridge, Mass., 1955. 324 pages. \$6.00. An interim report on how the human problems of the British coal industry are handled under nationalization. Based on a first-hand study by the author, the book consists in the main of case studies of nine key problems: union structure, collective bargaining, joint consultation, absenteeism, labor supply, wage structure, methods of wage payment, labor's attitudes toward technological change, and the relocation of labor in the Scottish coalfields.

**ARTICLE ONE.** New York State Commission Against Discrimination, 270 Broadway, New York 7, N.Y. 1955. 64 pages. Gratis. A pictorial record of existing practices in New York State as regards the employment of qualified persons regardless of their racial, religious, or national backgrounds. Issued on the occasion of the 10th anniversary of the passage of the New York State law against discrimination.

**MOTION AND TIME STUDY: Principles and Practice.** By Marvin E. Mundel. Prentice-Hall, Inc., Englewood Cliffs, N. J. 1955. 575 pages. \$9.35. The second edition of this comprehensive work contains new chapters on work activity analysis, cyclographic and chronocyclographic analysis, effort rating, synthesized time standards, and statistical time standards. The author has also added a broad introductory discussion of work measurement methods.

**LEADERSHIP AND SUPERVISION IN INDUSTRY.** By Edwin A. Fleishman, Edwin F. Harris, and Harold E. Burtt. The Ohio State University, Columbus, Ohio, 1955. 110 pages. Paper, \$3.00; cloth, \$4.00. A detailed report on the findings of an in-plant study of the effects of human-relations training on foremen leadership. The results indicate that the foreman is more responsive to the day-to-day climate in which he operates than to any special course of training he may have been given, and that to a considerable extent specific training in human relations is wasted unless the environment in the plant is also strong in human relations.

**PSYCHOLOGY IN INDUSTRY: A Psychological Approach to Industrial Problems.** By Norman R. F. Maier. Houghton Mifflin Company, Boston, 1955. 678 pages. \$7.50. This second edition of a standard textbook has been completely revised to incorporate the results of a whole new decade of research and experiment in psychology and industrial practice. Much fuller treatment has been given to the social psychology of industry, group supervision, and counseling, and summaries and laboratory exercises have been added to each chapter.

**KNOW YOUR SOCIAL SECURITY.** By Arthur Larson. Harper & Brothers, New York, 1955. 220 pages. \$2.95. An up-to-date handbook on the social security system designed for easy reference by the employee, the employer, and the self-employed. Contains full information on how to estimate benefits, rights during disability, special rules for particular employment, relations of benefits to other income and insurance, the responsibilities of employers under the law, and other aspects of the newly amended Social Security Act.

**LOCAL EMPLOYERS' ASSOCIATIONS.** By William H. Smith, edited by Irving Bernstein. Institute of Industrial Relations, University of California, Berkeley, Calif. 1955. 72 pages. 25 cents. In this pamphlet, the author describes various types of local employers' associations and their objectives, and gives an account of the kinds of services they perform.

**VOCATIONAL INTERESTS 18 YEARS AFTER COLLEGE.** By Edward K. Strong, Jr. University of Minnesota Press, Minneapolis, Minn., 1955. 207 pages. \$3.75. A report of a study undertaken by the author to determine the validity of the vocational interest blank in predicting the future vocations of individuals. The findings of the study, which compared the interest scores of several hundred college students with the occupations in which they were engaged 18 years later, indicate that high occupational interest scores predict future occupational careers to an appreciable degree.

**SOUND SLIDEFILM GUIDE & SOURCE LIST, 1955-56.** Prepared by the Editors of *Business Screen*. Dukane Corporation, St. Charles, Ill., 1955. 68 pages. \$1.00. A listing of more than 1,000 sound slidefilm programs for use in educational, training and inspirational programs of business, industry, schools, and other organizations.

**TRENDS IN NLRB DECISIONS DURING 1953-54.** By Chester A. Morgan. Bureau of Labor and Management, State University of Iowa, Iowa City, Iowa. 1955. 38 pages. 25 cents. A brief examination of some leading NLRB decisions and an evaluation of their possible effects upon labor-management relations.

**DIGEST OF ONE HUNDRED SELECTED HEALTH AND INSURANCE PLANS UNDER COLLECTIVE BARGAINING, 1954: Bulletin No. 1180.** United States Department of Labor, Washington, D. C., 1955. 208 pages. \$1.00. This summary of the principal features of 100 selected health and pension plans established through collective

bargaining agreements brings up to date a number of plans described in previous similar digests and is more comprehensive in scope and detail. The nature of the benefits provided and the differences among plans are presented in a form suitable for quick reference.

**MOTION AND TIME STUDY.** By Benjamin W. Niebel. Richard D. Irwin, Inc., Homewood, Ill., 1955. 433 pages. \$6.00. A comprehensive introduction to the techniques used by industry in motion study, micromotion study, time study, and wage payment plans. Numerous examples and case histories are cited to illustrate the procedures explained in the text.

**PROCEEDINGS OF THE THIRD ANNUAL SEMINAR ON SOCIAL SCIENCE FOR INDUSTRY: Motivation.** Stanford Research Institute, Menlo Park, Calif. 1955. 68 pages. \$3.00. Included in these proceedings are papers on man and his motives, progress and fad in motivation research, helping managers become more effective leaders, unconscious motivation and industry, and appraising attitudes in personnel research.

**INDUSTRIAL RELATIONS RESEARCH: Ten Years of Progress.** Industrial Relations Center, University of Minnesota, Minneapolis, Minn. 1955. 49 pages. \$1.00. Included in this overview of the activities of the Industrial Relations Center during the decade 1945-1955 are an account of the research program, a summary of annual conference highlights, and a comprehensive bibliography of the publications of the IRC and its staff members.

**U. S. GOVERNMENT FILMS FOR SCHOOLS AND INDUSTRY.** United World Films, Inc., 1445 Park Avenue, New York 29, N.Y. 1955. 127 pages. Gratis. A catalogue of some 3,000 motion pictures and filmstrips produced by various U.S. Government agencies for use in educational and training programs. Brief descriptions of each film are given together with alphabetical indexes of subjects and titles.

## OFFICE MANAGEMENT

**AN INTRODUCTION TO ELECTRONIC COMPUTERS: A Systems Approach for Business.** By Ned Chapin. Technology Center, Chicago 16, Ill., 1955. Available from the author, 407-R Gunsaulus Hall, 3140 South Michigan Blvd., Chicago 16, Ill. 245 pages. \$9.00. This discussion of automatic computers from the business point of view describes what they are, what they can do, how they work, how they can be financially justified, and how they can be integrated with existing business systems. Detailed information on the characteristics of available computers and the cost of owning and operating them is also given.

**INFORMATION PROCESSING EQUIPMENT.** Edited by M. P. Doss. Reinhold Publishing Corporation, 430 Park Avenue, New York, N.Y. 1955. 270 pages. \$8.75. A panel of experts here explains the latest methods of preparing, reproducing, utilizing, and storing all types of technical information. Numerous illustrations, charts, and tables accompany the text.

**DATA PROCESSING BY ELECTRONICS.** Haskins & Sells, 67 Broad Street, New York 4, N.Y. 1955. 113 pages. Gratis. This handbook, prepared by a firm of certified

public accountants, is divided into two parts: a general description of electronic data-processing systems and the factors involved in considering their use, and an account of basic theory, systems components, and techniques in application. A summary of the operating characteristics and costs of various types of electronic data-processing equipment is given in an appendix.

**LIBRARIES FOR RESEARCH AND INDUSTRY: Planning and Equipment.** Edited by Margaret P. Hilligan. Special Libraries Association, 31 East 10 Street, New York 3, N.Y. 1955. \$3.00. Based on a program on library planning and equipment presented at the 44th annual meeting of the Special Libraries Association, this monograph contains papers on various aspects of library planning, a checklist for reviewing layout prints, and a bibliography. A number of excellent half-tone illustrations and floor plans of 13 leading business libraries are included.

**OFFICE AUTOMATION: Integrated and Electronic Data Processing.** By R. Hunt Brown. Automation Consultants, Inc., 1450 Broadway, New York 18, N.Y. 1955. 283 pages. \$12.50. A non-technical manual on office electronics covering its commercial aspects, available equipment, applications of electronic and automatic accounting, the sociological aspects of office automation, new scientific techniques, and future applications of electronics. Assembled in loose-leaf form and illustrated with numerous diagrams and equipment photos.

## PRODUCTION

**PRACTICAL PLANT LAYOUT.** By Richard Muther. McGraw-Hill Book Company, New York, 1955. 363 pages. \$12.00. An excellent how-to-do-it guide covering all the essential elements of good plant layout. Explains the four basic phases—location, over-all layout, detailed layout plan, and installation—discusses the fundamental factors influencing these operations, and provides detailed examples, case illustrations, and specific pointers for planning for efficient, economical production. Numerous charts, diagrams, and photographs accompany the text.

**THE AUTOMATIC FACTORY—WHAT DOES IT MEAN?** The Institution of Production Engineers, 10 Chesterfield Street, London, W.1. 1955. 228 pages. \$3.50. The proceedings of a conference held at Margate, England, in June, 1955. Among the topics of general interest are papers on the technical and human problems of the automatic factory, problems of automation for the manager, problems of automation for the boardroom, the automatic office, and machines in the service of man.

**INDUSTRIAL ENGINEERING TERMINOLOGY: ASME Standard No. 106.** American Society of Mechanical Engineers, 29 West 39 Street, New York 18, N.Y. 1955. 48 pages. \$1.50. A glossary compiled by the ASME Work Standardization Committee in conjunction with terminology committees from other English-speaking countries, and now approved as an ASME standard.

**PRODUCTION CONTROL THROUGH ELECTRONIC DATA PROCESSING: A Case Study.** By R. G. Canning. U. S. Department of Commerce, Office of Technical Services, Washington, D.C. 52 pages. \$1.50. Prepared while the author was under contract to the Office of Naval Research and working on the Management Sciences Research Project of the University of California, Los Angeles, this paper outlines

the major principles involved in applying electronic computers to business operations. The electronic data processing system proposed for a medium-sized manufacturing plant in the Los Angeles area as the result of the author's in-plant research study is fully described.

**AIE CONFERENCE PROCEEDINGS, 1955.** American Institute of Industrial Engineers, 145 North High Street, Columbus 15, Ohio. 1955. 213 pages. Included in these proceedings of the Sixth Annual Conference of the AIE are papers on achieving worker motivation for a successful industrial engineering program, the economics of investing in money-saving improvements, work simplification, statistics as a basis for management decision, and communications and administrative training for incentives.

**THE AUTOMATIC FACTORY—A CRITICAL EXAMINATION.** By Stephen A. June et al. The Instruments Publishing Company, Pittsburgh 12, Penna., 1955. 88 pages. \$1.50. A joint report by seven candidates for the degree of Master of Business Administration on the results of their field investigations over a six months' period into the present status of the automatic factory and its probable future development.

**INDUSTRIAL PURCHASING: Buying for Industry and Budgetary Institutions.** Edited by J. H. Westing and L. V. Fine. John Wiley & Sons, Inc., New York, 1955. 421 pages. \$7.50. Written by members of the Milwaukee Association of Purchasing Agents in collaboration with the editors, this symposium provides a comprehensive survey of all phases of the purchasing agent's role. Emphasis is mainly placed on matters of policy and broad procedure. In a concluding section, the factors involved in the purchase of the main types of industrial goods are described under four main heads: major equipment, extractive commodities, forest commodities, and other commodities.

## MARKETING

**MAKING YOUR SALES MEETING SELL.** By Edward J. Hegarty. McGraw-Hill Book Company, Inc., New York, 1955. 303 pages. \$4.00. A manual of result-getting techniques for running large and small meetings. Among the major topics treated are how to prepare programs, write and deliver speeches, use visual and demonstration materials, and gain audience participation.

**NEW PRODUCT SEMINAR.** Hilton and Riggio, Inc., 4 West 58 Street, New York 19, N. Y. 1955. 88 pages. \$5.00. This transcript of the second annual New Product Seminar includes addresses on the new product assistance program of the Small Business Administration, designing new products for profit, applying mass motivation studies to new product introduction, planning a product diversification program, and product line expansion.

**SUCCESSFUL SALES PRESENTATIONS.** By Charles B. Roth. Prentice-Hall, Inc., Englewood Cliffs, N. J. 1955. 222 pages. \$4.95. In addition to describing how to go about building a sales presentation, testing it, and delivering it, this practical guide includes illustrated examples of six outstanding presentations being used today.

**HOW TO MANAGE INDUSTRIAL ADVERTISING.** By Franklin W. Bartle. Printers' Ink Books, Pleasantville, N. Y., 1955. 158 pages. \$3.95. The author, a well-known industrial advertising man, here explains the function and operation of an industrial advertising department, mainly for the benefit of the new industrial advertising manager. Among the topics covered are organizing the department, improving relations within the company, getting the most out of an advertising agency, working with media, direct mail, market research, trade shows, exhibits, sales meetings, publicity, and photography, and checking and justifying advertising results.

**PRACTICAL DISTRIBUTION COST ANALYSIS.** By Donald R. Longman and Michael Schiff. Richard D. Irwin, Inc., Homewood, Ill. 1955. 450 pages. \$6.50. In addition to a detailed account of the principles and procedures of practical distribution cost analysis, this comprehensive study contains chapters on the role of accounting as a tool of management, the application of machine methods to accounting, and distribution cost standards. A series of problems in cost analysis is appended as a practical exercise in the procedures outlined in the text.

**PROFITABLE EXPORT MARKETING.** By Martin Maddan. Newman Neame Ltd., London, 1955. (Distributed in the U. S. by W. S. Heinman, 400 East 72 Street, New York 21, N. Y.) 192 pages. \$4.50. Though written from a British standpoint, this handbook contains useful information on how to organize overseas market research, the analysis and measurement of results, and the relative costs of various research operations. A complete guide, country by country, to the names and addresses of overseas market research and information sources is included.

**MARKETING RESEARCH: A Guide for Capital Goods.** Council for Technological Advancement, 120 South LaSalle Street, Chicago 3, Ill. 1955. 42 pages. \$3.00. This appraisal of the growing value and importance of marketing research in selling capital goods and industrial equipment, accessories, and components offers an analysis of the economic characteristics of capital goods demand and their effect on marketing methods and techniques. Special consideration is given to economic and sales forecasts, market potentials, the replacement market, competitive position, effectiveness of marketing expenditures, and product planning.

**MANUFACTURER AND DISTRIBUTOR BRANDS.** By Robert H. Cole et al. University of Illinois, Urbana, Ill. 1955. 103 pages. \$1.00. The results of a field study that compared (1) brand policies, practices, and problems of manufacturers and distributors; (2) prices of manufacturer brands and distributor brands; and (3) consumer buying habits and attitudes toward manufacturers' vs. distributors' brands. Besides other interesting findings, the results indicate that there is strong consumer preference for packer brands and that though price is important it is not always a stimulus to sales.

**PERSONAL POWER THROUGH CREATIVE SELLING.** By Elmer G. Leterman. Harper & Brothers, New York, 1955. 291 pages. \$3.95. In this inspirational book, a top-notch insurance salesman sets forth his personal, tested ideas on all phases of selling, including how and when to undersell, how to convert customers into friends, how to build self-confidence, how to use words, and how to create a favorable climate for a sale.

**BIG-LEAGUE SALESMANSHIP.** By Bert H. Schlain. Prentice-Hall, Inc., Englewood Cliffs, N.J. 1955. 228 pages. \$4.95. This practical manual of professional selling techniques includes chapters on developing prospects, giving effective sales presen-

tations, how to close a sale, how to turn objections into selling points, handling complaints, and most other aspects of the salesman's job. Based primarily on the author's own experience, it also contains data, techniques, and case histories taken from the writings and talks of star salesmen in a variety of fields.

**SUCCESSFUL DIRECT MAIL ADVERTISING AND SELLING.** By Robert Stone. Prentice-Hall, Inc., Englewood Cliffs, N. J., 1955. 306 pages. \$5.75. Written by a leading expert in the field, this manual describes, with numerous illustrative examples, the direct mail advertising techniques, formats, and appeals that get top results for manufacturers, distributors, mail order houses, and services of all kinds.

**CONSUMER BEHAVIOR: Vol. II, The Life Cycle and Consumer Behavior.** Edited by Lincoln H. Clark. New York University Press, New York, 1955. 125 pages. \$5.00. Included in this symposium on changes in consumption patterns through the life cycle, which was sponsored by Consumer Behavior, Inc., are papers on careers and consumer behavior, consumer finances over the life cycle, the life cycle and buying patterns, social status and consumer behavior, factors influencing durable goods purchases, and other related topics.

**HOW MANY DOLLARS FOR ADVERTISING.** By Albert Wesley Frey. The Ronald Press Company, 15 East 26 Street, New York 10, N. Y. 1955. 164 pages. \$4.50. From an examination of current methods of setting the advertising appropriation, derived from the experience of more than 100 advertisers and trade associations, the author here suggests a practical means of budgeting marketing costs based on the careful coordination of all factors in the "marketing mix."

## FINANCE

**BUSINESS BUDGETING AND CONTROL.** By J. Brooks Heckert and James D. Willson. The Ronald Press Company, 15 East 26 Street, New York 10, N. Y. 1955. 441 pages. \$6.75. This second edition of a standard text on budgeting techniques contains an up-to-date presentation of the latest methods of regulating future income and expense and controlling business properties.

**RAISING CAPITAL WITH CONVERTIBLE SECURITIES.** By C. James Pilcher. Bureau of Business Research, School of Business Administration, University of Michigan, Ann Arbor, Mich. 1955. 153 pages. \$2.50. An analysis and evaluation of the role of convertible bonds and preferred stocks as capital-raising instruments. The author concludes that convertible securities can be counted as a valuable special-purpose instrument, especially where management has reason to believe that it can raise residual equity capital indirectly on more favorable terms to the issuer corporation than can be obtained through a direct offering of common stock.

**THE MONEY MARKET AND ITS INSTITUTIONS.** By Marcus Nadler, Sipa Heller, and Samuel S. Shipman. The Ronald Press Company, 15 East 26 Street, New York 10, N. Y. 1955. 323 pages. \$6.00. Following an examination of the powers of the monetary authorities and the mechanism of creating bank reserves and deposits, the authors analyze and interpret the statements and statistical data issued by government agencies and private organizations concerned with money and

credit. Special emphasis is placed on the role of the Federal Reserve System, the Treasury, and the commercial banks, and both a detailed description and a critical evaluation of the debt and credit management policies of the Federal Reserve and Treasury authorities in the postwar years are given.

**SHAREHOLDER DEMOCRACY: A Broader Outlook for Corporations.** By Frank D. Emerson and Franklin C. Latcham. The Press of Western Reserve University, Cleveland, Ohio, 1954. 242 pages. \$4.00. In this thoughtful analysis of the problems involved in the widespread dispersion of stock ownership in our corporate enterprises, the authors give detailed consideration to the proxy regulation established and administered by the Securities and Exchange Commission, and offer their views on the steps needed to insure more effective stockholder participation in corporate affairs.

**PENSIONS: Problems and Trends.** Edited by Dan M. McGill. Richard D. Irwin, Inc., Homewood, Ill. 1955. 211 pages. \$4.50. This volume, the sixth in the series of "Lectures" on selected insurance topics published by the S. S. Huebner Foundation for Insurance Education, contains a number of addresses on the characteristics, trends, problems, and implications of the private pension movement. Among the subjects covered are public and private pension plans, the impact of tax policy on private pensions, the impact of private pensions on capital formation and investments, characteristics of trustee pension plans, and preparation for life after retirement.

## Publications Received

[Please order books directly from publishers]

### GENERAL

**PUBLIC POLICIES TOWARD BUSINESS.** By Clair Wilcox. Richard D. Irwin, Inc., Homewood, Ill. 1955. 898 pages. \$6.50.

**MANAGEMENT TRAINING: Cases and Principles.** By William J. McLarney. Richard D. Irwin, Inc., Homewood, Ill. 1955. Revised edition. 371 pages. \$5.50.

**SUBCOMMITTEE REPORT ON RESEARCH ACTIVITIES IN THE DEPARTMENT OF DEFENSE AND DEFENSE RELATED AGENCIES.** Prepared for the Commission on Organization of the Executive Branch of the Government. Available from the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. 1955. 91 pages. 30 cents.

**HANDBOOK OF PARLIAMENTARY PROCEDURE.** By Henry A. Davidson. The Ronald Press Co., New York, 1955. 292 pages. \$3.75.

**DIRECTORY OF AMERICAN FIRMS OPERATING IN FOREIGN COUNTRIES, 1955-1956.** Compiled by Juvenal L. Angel. World Trade Academy Press, Inc., 11 West 42 Street, New York 36, N. Y. 1955. 114 pages. \$8.50.

**AN ANNOTATED BIBLIOGRAPHY ON NOISE, ITS MEASUREMENT, EFFECTS AND CONTROL.** Industrial Hygiene Foundation of America, Inc., Mellon Institute, 4400 Fifth Avenue, Pittsburgh 13, Penna. 1955. 364 pages. \$7.50.

**SURVEY DESIGN AND ANALYSIS: Principles, Cases and Procedures.** By Herbert Hyman. The Free Press, Glencoe, Ill. 1955. \$7.50.

**NATIONAL POLICY FOR ECONOMIC WELFARE AT HOME AND ABROAD.** Edited by Robert Lekachman. Doubleday & Co., Inc., Garden City, N. Y. 1955. 366 pages. \$6.00.

**ATOMIC ENERGY GUIDEBOOK: A Non-Technical Sourcebook on Practical Uses of Nuclear Energy.** Atomic Energy Guideletter, 1420 New York Avenue, N.W., Washington 5, D.C. 1955. 96 pages. \$7.50.

**HOW TO ORGANIZE AND OPERATE A SMALL BUSINESS.** By Pearce C. Kelley and Kenneth Lawyer. Prentice-Hall, Inc., Route 9W, Englewood Cliffs, N.J. 1955. Second edition. 713 pages. \$9.25.

**PROCEEDINGS OF THE INSTITUTE ON OPERATIONS RESEARCH FOR BUSINESS AND INDUSTRY.** Department of Engineering and University Extension, University of California, Los Angeles, Calif. 1955. 63 pages. \$5.00.

**AMERICAN BUSINESS LEADERSHIP IN THE DECADE AHEAD.** By Ordway Tead. California Personnel Management Association, 2180 Milvia Street, Berkeley 4, Calif. Management Report No. 210. 1955. 13 pages. \$1.00.

**PROBLEMS OF THE INDEPENDENT BUSINESSMAN.** By Austin Grimshaw. McGraw-Hill Book Co., Inc., New York, 1955. 403 pages. \$6.50.

**HOW TO MAKE YOUR LIVING IN FOUR HOURS A DAY.** By William J. Reilly. Harper & Brothers, New York, 1955. 118 pages. \$2.50.

**THE COTTON INDUSTRY—TODAY AND TOMORROW.** Edited by Mario Ludwig. International Federation of Cotton and Allied Textile Industries, 567 Royal Exchange, Manchester 2, England. 288 pages. £1.1s.

**ANTITRUST LAWS: Digest Analysis of the Report of the Attorney General's National Committee to Study the Antitrust Laws.** National Association of Manufacturers, 2 East 48 Street, New York 17, N.Y. 1955. 36 pages. \$1.00.

**THE STUDY OF PUBLIC ADMINISTRATION.** By Woodrow Wilson. Public Affairs Press, 2162 Florida Avenue, Washington 8, D.C. 1955. 23 pages. \$1.00.

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